

**HBL**

**ASSET MANAGEMENT LTD.**

**ایسٹٹ منیجمنٹ لمیٹڈ**

AMC Rating : AM1 by VIS



**Voluntary Pension  
Schemes**

**Annual Report**

**2023-24**

**MOVING TOWARDS  
EXCELLENCE**

# TABLE OF CONTENTS

<i>Vision / Mission</i>	3	<b>HBL PENSION FUND</b>	
<i>Corporate Values</i>	4	<i>Fund Information</i>	119
<i>Corporate Information</i>	5	<i>Trustee Report to the unit holders</i>	120
<i>Report of the Directors of Management Company</i>	6	<i>Independent Audit Report to the Unit Holders (Audit Report)</i>	121
		<i>Statement of Assets &amp; Liabilities</i>	124
		<i>Income Statement &amp; Comprehensive Income</i>	125
		<i>Statement of Movement in Participants Sub Fund</i>	126
		<i>Cash Flow Statement</i>	127
		<i>Note to the Financial Statements</i>	128
<b>HBL ISLAMIC PENSION FUND</b>			
<i>Fund Information</i>	10		
<i>Trustee Report to the unit holders</i>	11		
<i>Statement of Compliance with Shariah Principles</i>	12		
<i>Review Report of Shariah Advisor</i>	13		
<i>Independent Audit Report to the Unit Holders (Audit Report)</i>	14		
<i>Independent Assurance Report to the Unit Holders on the Statement of Compliance with Shariah Principles</i>	17		
<i>Statement of Assets &amp; Liabilities</i>	19		
<i>Income Statement &amp; Comprehensive Income</i>	20		
<i>Statement of Movement in Participants Sub Fund</i>	21		
<i>Cash Flow Statement</i>	22		
<i>Note to the Financial Statements</i>	23		
<b>HBL PENSION FUND</b>			
<i>Fund Information</i>	50		
<i>Trustee Report to the unit holders</i>	51		
<i>Independent Audit Report to the Unit Holders (Audit Report)</i>	52		
<i>Statement of Assets &amp; Liabilities</i>	55		
<i>Income Statement &amp; Comprehensive Income</i>	56		
<i>Statement of Movement in Participants Sub Fund</i>	57		
<i>Cash Flow Statement</i>	58		
<i>Note to the Financial Statements</i>	59		
<b>HBL KPK ISLAMIC PENSION FUND</b>			
<i>Fund Information</i>	84		
<i>Trustee Report to the unit holders</i>	85		
<i>Statement of Compliance with Shariah Principles</i>	86		
<i>Review Report of Shariah Advisor</i>	87		
<i>Independent Audit Report to the Unit Holders (Audit Report)</i>	88		
<i>Independent Assurance Report to the Unit Holders on the Statement of Compliance with Shariah Principles</i>	92		
<i>Statement of Assets &amp; Liabilities</i>	94		
<i>Income Statement &amp; Comprehensive Income</i>	95		
<i>Statement of Movement in Participants Sub Fund</i>	96		
<i>Cash Flow Statement</i>	97		
<i>Note to the Financial Statements</i>	98		

# OUR VISION

Enabling people to  
advance with  
confidence and  
success.

# OUR MISSION

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

## PROGRESSIVENESS

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

## EXCELLENCE

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

## MERITOCRACY

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

## OUR CORPORATE VALUES

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

## INTEGRITY

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

## CUSTOMER FOCUS

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

## Management Company

### HBL Asset Management Limited

Board of Directors (Composition as of September 26, 2024)

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

### Audit Committee

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

### Human Resource & Remuneration Committee

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

### Risk Management Committee

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

### Technology Committee

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

### Company Secretary & Chief Financial Officer

Mr. Noman Qurban

### AMC Rating

AM1 (Stable Outlook)

### Legal Advisor

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

### Website

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

### Head Office & Registered Office

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

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of HBL Pension Fund, HBL Islamic Pension Fund, HBL KPK Pension Fund and HBL KPK Islamic Pension Fund (the Funds) for the year ended June 30, 2024.

### ECONOMIC REVIEW

FY24 set the path for the economic recovery and stability. Nine-month Standby Arrangement (SBA) of USD 3.0B with IMF, signed at the end of June 2023, provided the much needed breathing space to Pakistan. The program has helped in unlocking other multilateral and bilateral inflows and stabilize foreign exchange reserves. Following the SBA program Pakistan received funding and rollovers from bilateral and multilateral. SBP reserves increased by USD 4.9B to ~USD 9.4B during FY24. PKR-USD parity also strengthened from the high of PKR 307/ USD to PKR 278/ USD. In FY24, PKR appreciated by 2.7%. Soon after the successful completion of the SBA program, Pakistani authorities were able to reach an agreement on 3 year EFF program whose approval from the IMF Executive Board is due in September. The long term program will ensure continuity of economic stability and aid in meeting external obligations.

GDP growth in FY24 recorded at 2.4% led by 6.3% growth in agriculture. Although services and industrial sectors growth remained muted at 1.2% and 2.4% respectively, they improved as compare with FY23. For FY24, government has set the GDP growth target at 3.6% based on 2.0%, 4.4% and 4.1% growth in agriculture, industrial and services growth respectively.

Current Account Deficit (CAD) in FY24 clocked in at USD 0.7B as compare with USD 3.3B in FY23. 11% decline in trade deficit to USD 22B and 11% increase in remittances to USD 30.3B were the reasons behind reduction in CAD. Exports went up 12% y/y to USD 31B in FY24 while imports remained muted at USD 53.2B. In 2MFY25 CAD has declined by 81% y/y to USD 171M. Despite 22% increase in trade deficit to USD 4.7B, CAD decreased due to 44% increase in remittances to USD 5.9B.

Headline inflation, after touching the high of 38% in May 2023 has been on a declining trend. Inflation averaged 24% in FY24 vs 29% in FY23. Higher base effect, stable parity and softening of food prices led to a decline in inflation. In 2MFY25, headline inflation averaged to 10.4% vs 27.84% in 2MFY24. In line with trend of headline inflation, core inflation declined to 12.9% in 2MFY25 vs 21.2% in 2MFY24.

Despite high interest rates, fiscal deficit declined to 6.8% of GDP in FY24 vs 7.7% in FY23. Increase in tax collection, controlled current expenditures and lower PSDP led to decline in deficit. Primary balance recorded a surplus of 0.9% of GDP in FY24 vs a deficit of 0.8% in FY23, despite higher interest rate environment. In FY25, government has budgeted a deficit of 5.9% on the back of higher tax collections and non-tax revenue. Primary balance surplus is budgeted at 1% of GDP.

### STOCK MARKET REVIEW

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 level whereas KMI-30 index gain 55,676 points or 78.7% to reach at 126,424 level. IMF program euphoria, economic stability, political certainty, peaceful culmination of elections along with foreign inflows turned the sentiments positive. Strong results posted by corporates despite economic turbulence also supported the bullish momentum. To note, KSE-100 index has been the best performing market in FY24 by posting 94% USD based return.

The sectors that majorly contributed to the performance in FY24 were Banks (+13,262 pts), fertilizer (+5,074 pts), Oil and Gas Exploration (+4,300 pts) and Power (+4,192 pts). Whereas script wise major contribution came from HUBC (+3,282 pts), UBL (+2,719 pts), MEBL (+2,392 pts), EFERT (+1,998 pts) and BAHL (+1,945 pts).

The average daily volume and value of KSE All share index grew to 461M shares and PKR 15.6B from 192M shares and PKR 6.1B in the FY23. Foreigners were net buyers of USD 141M whereas on the local front Banks, individuals, mutual funds and others were net sellers of USD 141M, USD 60M, USD 47M and USD 33M respectively. Insurance and companies remained net buyer of 126M and 36M respectively.

After the drastic decline in inflation, interest rates cycle is now on a reverse trend. Policy rate after touching the all-time high of 22% has been reduced to 17.5%. Inflation readings in the coming months are estimated to be in single digits which will provide room for further cut in interest rates. Decline in interest rates, securing of 3 years EFF program, funding support from multilateral and bilateral, strong earnings outlook and weakening oil price outlook will keep the market momentum positive. Despite offering dividend yield of 11%+, market is trading at P/E of 4.0x vs historical average of 6.0x. We believe that market could re-rate from current levels; hence, we maintain bullish stance on equities. The risk to our stance is escalation in middle-east and possibility of any domestic political uncertainty.

## MONEY MARKET REVIEW

During the period under review, SBP maintained policy rate at 22% to slow down the economic activity and tame down the inflation. However, in the last Monetary Policy Committee (MPC) meeting of FY24, the policy rate was reduced to 20.5% on the back of decline in inflation. On a forward looking basis, the real interest rates have turned significantly positive.

Sensing the forth coming decline in interest rates, secondary market yields have started coming down before the interest rate cut announcement by MPC. After touching the high of 23.78%, 24.51%, 24.73%, 21.16% and 17.93% secondary market yields retreated to 19.97%, 19.91%, 18.68%, 16.50% and 15.37% for 3M, 6M, 12M, 3Y and 5Y tenors respectively. In T-bill auctions, 3M, 6M and 12M cut-off yields after reaching the high of 24.5%, 24.79% and 25.07% have declined to 20.15%, 19.96% and 18.54% respectively. In 3Y and 5Y fixed rate PIB auctions, cut off yields after witnessing the high of 19.35% and 16.95% went down to 16.60% and 15.45% respectively.

During the last T-Bill auction held on 26th Jun-24, government raised PKR 777B as against the target of PKR 150B where cut-off yields remained largely flat at 20.15%, 19.96% and 18.54% for 3M, 6M and 12M T-Bills respectively. In last fixed rate PIB auction held on 25th-Jun-24, government raised PKR 131B against the target of PKR 190B. Cut off yields for 3Y, 5Y and 10Y have remained broadly stable at 16.55%, 15.45% and 14.25% for 3Y, 5Y and 10Y bonds respectively. In the last floating rate PIB auction, government raised PKR 106B against the target of PKR 500B.

It is also pertinent to note that during the last Sukuk auction held on 27th June-2024, government raised PKR 198B from Fixed Rental Rate (FRR) Sukuk against target of PKR 20B. Yield on 3-year Sukuk stood at 15.80% whereas on 5-year Sukuk stood at 15.10% for FRR. In Variable Rate Sukuk (VRR) auction, government raised PKR 20B as per the target. In last fixed rate discounted Ijara Sukuk of FY24, government raised PKR 21B against the target of PKR 10B at 18.50%.

Despite decline in interest rates, real interest rates have remained significantly positive on forward looking basis due to expected sharp decline in inflation. As inflation is expected to ease further from current levels, possibility of further rate cuts are high.

## FUTURE OUTLOOK

We believe that it would be difficult for the government to achieve the growth target of 3.6% in FY25. The growth will likely remain muted between 2.5% to 3.0% given the high interest rate environment, erosion of purchasing power parity and underutilization of PSDP.

On the fiscal side, the budget deficit will likely be at higher side i.e. in the range of 6.5% to 7.5% vs the target of 5.9% due to higher interest payments and possible underperformance in budgeted tax collections. In 2MFY25, FBR collection has fallen short of PKR 113B to the target. To recall FBR collection target for FY25 is ~PKR 12.9T, 40% higher than FY24.

Current Account Deficit in FY25 is likely to remain near FY24 levels due to decline in oil prices and increase in remittances. As per PBS, petroleum imports were USD 16.9B or 31% of total imports. To note, Brent Crude has corrected 14% since the beginning of FY25. Increase in remittances (monthly run rate of ~USD 3B in 2MFY24) will also reduce the CAD.

Pakistan has been witnessing high inflation in the last few years with peak y/y inflation touching 38% in May 2023. This was primarily driven by increase in international oil prices, floods, supply chain disruption, increase in taxes and PKR depreciation. In FY24, peak y/y inflation was observed in September 2023 at 31.44%. Inflation has been on a downward trend and have dropped from the 21% in March 2024 to 13% in June 2024. The y/y inflation has further reduced to 9.6% in August 2024. PKR stability, decline in oil prices and high base effect contributed to declining inflation readings. Inflation is expected to remain in single digits in most periods of FY25 before inching up towards the end of FY25.

Our view on Pakistan equities is positive due to cheap valuations, decline in interest rates and approval of IMF EFF programme. The market is trading at a historic low P/E multiple of ~4.0x compared to regional average of 14.5x, and offers an attractive dividend yield of 11.1%, compared to regional average of 5.5%. Hence, Pakistan equities offer a good opportunity for long-term investors.

## Fund's Performance

### HBL Pension Fund

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund.

The Fund as a whole earned a total and net income of Rs. 345.54 million and Rs. 320.14 million respectively during the year under review. The fund size increased from Rs. 1,142.42 million as on June 30, 2023 to Rs. 2,047.30 million as at June 30, 2024 thereby showing an increase of 79% during the year under review. Performance review for each sub Fund is given below:

### **Equity Sub-Fund**

During the year under review, the Equity sub-fund earned a total and net income of Rs. 51.80 million and Rs. 48.08 million respectively. The net assets of the Equity sub-fund was Rs. 97.28 million representing Net Asset Value (NAV) of Rs. 517.4060 per unit as at June 30, 2024. The Sub Fund yielded a return of 3.55% for the year under review. The Fund is invested to the extent of 90% in equities.

### **Debt Sub-Fund**

During the year under review, the Debt sub-fund earned total and net income of Rs. 107.67 million and Rs. 99.64 million respectively. The net assets of the Debt sub-fund was Rs. 908.43 million representing Net Asset Value (NAV) of Rs. 340.5606 per unit as at June 30, 2024. The Fund yielded annualized return of 17.87% for the year under review.

### **Money Market Sub-Fund**

During the year under review, the Money Market sub-fund earned total and net income of Rs. 186.08 million and Rs. 172.42 million respectively. The net assets of the Money Market sub-fund was Rs. 1,041.59 million representing Net Asset Value (NAV) of Rs. 296.0229 per unit as at June 30, 2024. An annualized return of 18.06% was earned by the Fund for the year under review.

### **HBL Islamic Pension Fund**

The Fund comprises of three sub funds namely Equity sub-fund, Debt sub-fund and Money Market sub-fund.

The Fund as a whole earned a total and net income of Rs. 206.49 million and Rs. 193.89 million respectively during the year under review. The fund size increased from Rs. 641.32 million as at June 30, 2023 to Rs. 1,181.95 million as at June 30, 2024 showing an increase of 84%. Performance review for each sub Fund is given below:

#### **Equity Sub-Fund**

During the year under review, the Equity sub-fund earned a total and income of Rs. 59.74 million and Rs. 55.77 million respectively. The net assets of the Equity sub-fund was Rs. 166.20 million representing Net Asset Value (NAV) of Rs. 562.8396 per unit as at June 30, 2024. The Fund yielded a return of 7.82% for the year. The Sub Fund is invested to the extent of 87% in equities.

#### **Debt Sub-Fund**

During the year under review, the Debt sub-fund earned total and net income of Rs. 63.70 million and Rs. 59.78 million respectively. The net assets of the Debt sub-fund was Rs. 366.42 million representing Net Asset Value (NAV) of Rs. 267.5406 per unit as at June 30, 2024. The Fund yielded annualized return of 17.16% for the year under review.

#### **Money Market Sub-Fund**

During the year under review, the Money Market sub-fund earned total and net income of Rs. 83.22 million and Rs. 78.34 million respectively. The net assets of the Money Market sub-fund was Rs. 649.33 million representing Net Asset Value (NAV) of Rs. 259.8251 per unit as at June 30, 2024. An annualized return of 16.94% was earned by the Fund for the year under review.

### **HBL KPK Pension Fund**

The KPK Pension Fund was launched on December 14, 2023. The Fund is unlisted pension scheme and its units are offered on a continuous basis to employees of KPK Government appointed / recruit under Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022 or an employee of KPK Government regularize as Civil Servant through any legal instrument issued after coming into force of the Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022 irrespective of the effective date of regularization.

The Fund consists of four sub-funds namely; Equity Sub Fund, Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund. The contribution by or on behalf of the employee for the first three years from the date of launch of the fund shall be invested 100% in Money Market Sub Fund only and the remaining sub-funds shall remain inoperative till then.



The performance of Money Market Sub-fund is given below:

#### **Money Market Sub-Fund**

During the year under review, the Money Market sub-fund earned total and net income of Rs. 3.85 million Rs. 3.72 million respectively. The net assets of the Money Market sub-fund was Rs. 37.68 million representing Net Asset Value (NAV) of Rs. 111.3831 per unit as at June 30, 2024. An annualized return of 19.55% was earned by the Fund for the year under review.

The remaining funds sub-funds remain in operative and only seed capital is injected by the Pension Fund Manager which would remain invested till three years from the date of launch of the Fund.

#### **HBL KPK Islamic Pension Fund**

The KPK Islamic Pension Fund was launched on December 14, 2023. The Fund is unlisted pension scheme and its units are offered on a continuous basis to employees of KPK Government appointed / recruit under Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022 or an employee of KPK Government regularize as Civil Servant through any legal instrument issued after coming into force of the Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022 irrespective of the effective date of regularization.

The Fund consists of four sub-funds namely; Equity Sub Fund, Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund. The contribution by or on behalf of the employee for the first three years from the date of launch of the fund shall be invested 100% in Money Market Sub Fund only and the remaining sub-funds shall remain inoperative till then.

The performance of Money Market Sub-fund is given below:

#### **Money Market Sub-Fund**

During the year under review, the Money Market sub-fund earned total and net income of Rs. 3.50 million Rs. 3.36 million respectively. The net assets of the Money Market sub-fund was Rs. 37.06 million representing Net Asset Value (NAV) of Rs. 110.3225 per unit as at June 30, 2024. An annualized return of 16.90% was earned by the Fund for the year under review.

The remaining funds sub-funds remain in operative and only seed capital is injected by the Pension Fund Manager which would remain invested till three years from the date of launch of the Fund.

#### **Auditors**

M/s BDO Ebrahim & Co., Chartered Accountants, existing auditors of HBL Pension Fund, HBL Islamic Pension Fund, HBL KPK Pension Fund and HBL KPK Islamic Pension Fund have retired and eligible for re-appointment. The Board of Directors on the recommendation of the Audit Committee, has re-appointed M/s. BDO Ebrahim & Co., Chartered Accountants as Auditors of these Funds for the year ending June 30, 2025.

#### **Acknowledgement**

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

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

On behalf of the Board of  
HBL Asset Management Limited

#### **Chief Executive Officer**

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Islamic Pension Fund</b>
<b>NAME OF AUDITOR</b>	<b>BDO Ebrahim &amp; Co.</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan</b>
<b>NAME OF SHARIAH ADVISOR</b>	<b>Al-Hilal Shariah Advisor</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Faysal Bank Limited Bank Islami Paksitan Limited Soneri Bank Bank Al Habib Limited Meezan Bank Dubai Islamic Bank Allied Bank Habib Metropolitan Bank United Bank Limited Bank Alfalah Limited Al Baraka Bank Limited</b>

**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 PARTICIPANTS**

**HBL ISLAMIC PENSION FUND**

**Report of the Trustee pursuant to Regulation 67D of the Non-Banking Finance Companies  
and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Pension Fund Manager has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Further, in our opinion, the management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework.

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

Karachi, September 27, 2024



**STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES**

HBL Islamic Pension Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

HBL Asset Management Limited  
Head Office  
7th Floor  
Emerald Tower  
G-19 Block-5,  
Main Clifton Road,  
Clifton, Karachi

UAN (021) 111-425-262  
Fax (021) 35168455  
www.hblasst.com

September 25, 2024



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

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

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

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

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL Islamic Pension Fund** managed by **HBL Asset Management Limited** are Permissible and in accordance with Shariah principles.

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

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

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

Mufti Irshad Ahmad Aijaz  
Member Shariah Council



Faraz Younus Bandukda, CFA  
Chief Executive



Tel: +92 21 3568 3030  
Fax: +92 21 3568 4239  
www.bdo.com.pk

2nd Floor, Block-C  
Lakson Square, Building No.1  
Sarwar Shaheed Road  
Karachi-74200  
Pakistan

## INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS OF HBL ISLAMIC PENSION FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Islamic Pension Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in participants' sub-funds for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

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

The Management Company ("HBL Asset Management Limited") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

Page - 1

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.



The Board of Directors of the Management company is responsible for overseeing the Fund's financial reporting process.

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

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

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

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

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



**Report on other legal and regulatory requirements**

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

**Other Matter**

The financial statements of the fund for the year ended June 30, 2023 were audited by another firm of chartered accountants who have expressed an unmodified opinion on those statements vide their report dated September 25, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 27 SEP 2024

UDIN: AR202410166MoEq8A70

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS





Tel: +92 21 3568 3030  
Fax: +92 21 3568 4239  
www.bdo.com.pk

2nd Floor, Block-C  
Lakson Square, Building No.1  
Sarwar Shaheed Road  
Karachi-74200  
Pakistan

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

### **Scope of our Work**

We have performed an independent assurance engagement of HBL Islamic Pension Fund (the Fund), to express an opinion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the year ended June 30, 2024. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

### **Applicable Criteria**

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

### **Management Company's responsibility**

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

### **Our Independence and Quality Control**

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firms apply International Standard on Quality Management (ISQM) 1 "Quality Management for Firms That Perform Audits and Reviews of Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Responsibility of independent assurance providers**

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

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

Page - 1

**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.



The procedures performed included:

- Checking compliance of specified guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund; and
- Checking that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the year ended June 30, 2024 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

#### Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for the year ended June 30, 2024.

KARACHI

DATED: SEPTEMBER 27, 2024

  
BDO EBRAHIM & CO  
CHARTERED ACCOUNTANTS

# HBL ISLAMIC PENSION FUND

## Statement of Assets and Liabilities

As at June 30, 2024

	June 30, 2024				June 30, 2023				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total	
<b>Note</b>	(Rupees in '000)								
<b>ASSETS</b>									
Balances with banks	5	5,126	178,082	455,530	638,738	5,752	115,934	93,778	215,464
Investments	6	163,874	184,587	183,258	531,719	75,967	142,486	191,097	409,550
Dividend and profit receivable	7	109	5,527	12,360	17,996	149	8,429	10,186	18,764
Advances, deposits and other receivables	8	2,735	461	454	3,650	5,292	350	454	6,096
<b>TOTAL ASSETS</b>		<b>171,844</b>	<b>368,657</b>	<b>651,602</b>	<b>1,192,103</b>	<b>87,160</b>	<b>267,199</b>	<b>295,515</b>	<b>649,874</b>
<b>LIABILITIES</b>									
Payable to HBL Asset Management Limited - Pension Fund Manager	9	149	237	408	794	110	308	351	769
Payable to Central Depository Company of Pakistan Limited - Trustee	10	21	47	82	150	14	35	38	87
Payable to the Securities and Exchange Commission of Pakistan	11	44	121	160	325	34	67	61	162
Accrued expenses and other liabilities	12	5,434	1,835	1,618	8,887	1,442	2,802	3,295	7,539
<b>TOTAL LIABILITIES</b>		<b>5,648</b>	<b>2,240</b>	<b>2,268</b>	<b>10,156</b>	<b>1,600</b>	<b>3,212</b>	<b>3,745</b>	<b>8,557</b>
<b>NET ASSETS</b>		<b>166,196</b>	<b>366,417</b>	<b>649,334</b>	<b>1,181,947</b>	<b>85,560</b>	<b>263,987</b>	<b>291,770</b>	<b>641,317</b>
<b>PARTICIPANTS' SUB-FUNDS</b>									
(as per statement attached)		<b>166,196</b>	<b>366,417</b>	<b>649,334</b>	<b>1,181,947</b>	<b>85,560</b>	<b>263,987</b>	<b>291,770</b>	<b>641,317</b>
<b>CONTINGENCIES AND COMMITMENTS</b>									
	13	Units			Units				
<b>NUMBER OF UNITS IN ISSUE</b>	14	<b>295,280</b>	<b>1,369,573</b>	<b>2,499,200</b>	<b>4,164,053</b>	<b>262,883</b>	<b>1,202,593</b>	<b>1,367,718</b>	<b>2,833,194</b>
		Rupees			Rupees				
<b>NET ASSET VALUE PER UNIT</b>		<b>562.8396</b>	<b>267.5406</b>	<b>259.8251</b>	<b>325.4694</b>	<b>219.5149</b>	<b>213.3260</b>		

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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

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

\_\_\_\_\_  
Director

# HBL ISLAMIC PENSION FUND

## Income Statement

For the year ended June 30, 2024

	June 30, 2024				June 30, 2023				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total	
<b>INCOME</b>									
Capital gain / (loss) on sale of investments	25,163	3,354	4,141	32,658	(6,442)	1,523	831	(4,088)	
Dividend income	6,147	-	-	6,147	5,930	-	-	5,930	
Profit on bank deposits	115	19,914	25,898	45,927	172	13,890	15,026	29,088	
Markup / return on investments	-	39,838	52,577	92,415	-	14,446	11,247	25,693	
Unrealised appreciation / (diminution) on re-measurement of investments classified 'as financial assets 'at fair value through profit or loss' - net	28,149	591	607	29,347	(1,947)	(41)	97	(1,891)	
<b>TOTAL INCOME</b>	<b>59,574</b>	<b>63,697</b>	<b>83,223</b>	<b>206,494</b>	<b>(2,287)</b>	<b>29,818</b>	<b>27,201</b>	<b>54,732</b>	
<b>EXPENSES</b>									
Remuneration of HBL Asset Management Limited									
- Pension Fund Manager	9.1	558	1,945	2,329	4,832	1,281	1,100	940	3,321
Sindh Sales Tax on remuneration of the - Management Company	9.2	73	253	303	629	166	143	122	431
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10	913	451	597	1,961	128	252	230	611
Sindh Sales Tax on remuneration of the Trustee		119	59	78	256	17	33	30	79
Annual fee to the Securities and Exchange Commission of Pakistan	11	44	121	160	325	34	67	61	162
Allocation of fees and expenses related to registrar services, accounting, operation and valuation services		-	706	1,129	1,835	102	485	294	881
Auditor's remuneration	15	67	158	205	430	72	214	190	476
Settlement and bank charges		630	90	78	798	68	44	46	158
Fee and subscription		-	-	-	-	421	-	-	421
Charity expense		375	-	-	375	334	-	-	334
Printing and stationary		-	-	-	-	14	11	10	35
Security transaction cost		1,030	1	-	1,031	1,170	-	-	1,170
Provision for debt security		-	136	-	136	-	-	-	-
<b>TOTAL EXPENSES</b>		<b>3,809</b>	<b>3,920</b>	<b>4,879</b>	<b>12,608</b>	<b>3,807</b>	<b>2,349</b>	<b>1,923</b>	<b>8,079</b>
Net income / (loss) for the year before taxation		55,765	59,777	78,344	193,886	(6,094)	27,469	25,278	46,653
Taxation	16	-	-	-	-	-	-	-	-
Net income / (loss) for the year		55,765	59,777	78,344	193,886	(6,094)	27,469	25,278	46,653
Earnings / (loss) per unit	17								

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

**HBL ISLAMIC PENSION FUND**  
**Statement of Comprehensive Income**  
For the year ended June 30, 2024

	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total
	----- (Rupees in '000) -----							
Net income / (loss) for the year	55,765	59,777	78,344	193,886	(6,094)	27,469	25,278	46,653
Other comprehensive income for the year:	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	55,765	59,777	78,344	193,886	(6,094)	27,469	25,278	46,653

The annexed notes from 1 to 27 form an integral part of these financial statements.

**HBL ISLAMIC PENSION FUND**  
**Statement of Movement in Participants' SUB Funds**  
For the year ended June 30, 2024

Note	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market	Total
	(Rupees in '000)							
Net assets at beginning of the year	85,560	263,987	291,770	641,317	133,102	110,886	99,355	343,343
Amount received on issuance of units	148,281	206,746	480,682	835,709	36,903	180,751	205,595	423,249
Amount paid on redemption of units	(123,410)	(164,093)	(201,462)	(488,965)	(58,163)	(58,898)	(54,867)	(171,928)
Reallocation among Sub-Funds	-	-	-	-	(20,188)	3,779	16,409	-
	24,871	42,653	279,220	346,744	(41,448)	125,632	167,137	251,321
Capital gain / (loss) on sale of investments	25,163	3,354	4,141	32,657	(6,442)	1,523	831	(4,088)
Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss'	28,149	591	607	29,348	(1,947)	(41)	97	(1,891)
Other net income/ (loss) for the year	2,453	55,832	73,596	131,880	2,295	25,987	24,350	52,632
	55,765	59,777	78,344	193,885	(6,094)	27,469	25,278	46,653
<b>Net assets at end of the year</b>	<b>166,196</b>	<b>366,417</b>	<b>649,334</b>	<b>1,181,946</b>	<b>85,560</b>	<b>263,987</b>	<b>291,770</b>	<b>641,317</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited**  
**(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

# HBL ISLAMIC PENSION FUND

## Cash Flow Statement

For the year ended June 30, 2024

Note	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Fund	Total
	(Rupees in '000)							
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net income / (loss) for the year before taxation	55,765	59,777	78,344	193,886	(6,094)	27,469	25,278	46,653
Adjustments for:								
Profit on bank deposits	(115)	(19,914)	(25,898)	(45,927)	(172)	(13,890)	(15,026)	(29,088)
Markup / return on investments	-	(39,838)	(52,577)	(92,415)	-	(14,446)	(11,247)	(25,693)
Dividend income	(6,147)	-	-	(6,147)	(5,930)	-	-	(5,930)
Capital (gain) / loss on sale of investments	(25,163)	(3,354)	(4,141)	(32,658)	6,442	(1,523)	(831)	4,088
Unrealised (appreciation) / diminution on re-measurement of investments classified 'as' at fair value through profit or loss'	(28,149)	(591)	(607)	(29,347)	1,947	41	(97)	1,891
	(3,809)	(3,920)	(4,879)	(12,608)	(3,807)	(2,349)	(1,923)	(8,079)
<b>(Increase) / decrease in assets</b>								
Investments	(34,595)	(38,156)	12,587	(60,164)	43,530	(120,162)	(180,169)	(256,801)
Advances, deposits and other receivables	2,557	(111)	-	2,446	(2,512)	(208)	(340)	(3,060)
	(32,038)	(38,267)	12,587	(57,718)	41,018	(120,370)	(180,509)	(259,861)
<b>Increase / (decrease) in liabilities</b>								
Payable to HBL Asset Management Limited - Pension Fund Manager	39	(71)	57	24	(258)	236	306	284
Payable to Central Depository Company of Pakistan Limited - Trustee	7	12	44	63	(10)	18	23	31
Payable to the Securities and Exchange Commission of Pakistan	10	55	99	164	(10)	43	42	75
Accrued expenses and other liabilities	3,992	(967)	(1,676)	1,349	62	2,087	2,773	4,922
	4,048	(972)	(1,477)	1,600	(216)	2,384	3,144	5,312
<b>Cash (used in) / generated from operations</b>	(31,799)	(43,159)	6,231	(68,727)	36,995	(120,335)	(179,288)	(262,628)
Profit received on bank deposits	163	19,713	21,783	41,659	5,928	-	-	5,928
Dividend received	6,139	-	-	6,139	212	11,305	12,067	23,584
Markup received on investment	-	42,941	54,518	97,459	-	10,619	5,835	16,454
	6,302	62,654	76,301	145,257	6,140	21,924	17,902	45,966
<b>Net cash flows generated from / (used in) operating activities</b>	(25,497)	19,495	82,532	76,530	43,135	(98,411)	(161,386)	(216,662)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Amount received on issuance of units	148,281	206,746	480,682	835,709	36,903	180,751	205,595	423,249
Amount paid on redemption of units	(123,410)	(164,093)	(201,462)	(488,965)	(58,163)	(58,898)	(54,867)	(171,928)
Re-allocation among funds	-	-	-	-	(20,188)	3,779	16,409	-
Net cash generated from / (used in) financing activities	24,871	42,653	279,220	346,744	(41,448)	125,632	167,137	251,321
Net (decrease) / increase in cash and cash equivalents	(626)	62,148	361,752	423,274	1,687	27,221	5,751	34,659
Cash and cash equivalents at the beginning of the year	5,752	115,934	93,778	215,464	4,065	88,713	88,027	180,805
Cash and cash equivalents at the end of the year	5,126	178,082	455,530	638,738	5,752	115,934	93,778	215,464

The annexed notes from 1 to 27 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director

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

- 1.1** HBL Islamic Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager (the Pension Fund Manager) 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 pension fund on October 05, 2011. The Fund is registered on September 08, 2021.
- 1.2** The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. The above-mentioned Trust Deed had been registered under the Sindh Trust Act.
- 1.3** The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (The VPS Rules) through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Karachi, Pakistan.
- 1.4** The Fund is an unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.
- 1.5** The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Al-Hilal Shariah Advisors (Private) Limited as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.6** The Fund consists of three sub-funds namely, HBL Islamic Pension Fund - Equity Sub-Fund, HBL Islamic Pension Fund - Debt Sub-Fund and HBL Islamic Pension Fund - Money Market Sub-Fund (collectively the "Sub-Funds"). The investment policy for each of the sub-funds is as follows:
- The Equity Sub-Fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in a single company is restricted to lower of 15% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 35% of NAV or index weight, subject to a maximum of 40% of NAV. Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with Islamic commercial banks or Islamic window of a commercial bank having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
  - The Debt Sub-Fund consists of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the net assets in the sub-fund shall be invested in debt securities issued by the Federal Government not exceeding 90 days' maturity. In case the Shariah compliant securities issued by Federal Government are not available to comply with above, the assets of a Shariah compliant debt sub-fund may be deposited in Islamic commercial banks, having not less than "A+" rating or Islamic window of commercial banks, having not less than "AA" rating, or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government. Composition of the remaining portion of the investments shall be as defined in the offering document.



- The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. Time to maturity of any assets in the portfolio shall not exceed six months except in the case of Shariah Compliant Government Securities which may be upto 5 years. There is no restriction on the amount of investment in securities issued by Federal Government and Islamic windows of commercial banks having 'AA' rating provided that deposits with one bank shall not exceed 15% of net assets of Money Market Sub-Fund. Composition of the remaining shall be in proportion as defined in offering document.

**1.7** The Fund offers five types of allocation schemes, as prescribed by the SECP under VPS Rules, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The allocation to the Sub-Funds has to be done at the date of opening of contributor's pension account and on an anniversary date thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis.

**1.8** VIS Credit Rating Agency has assigned management quality rating of 'AM1 (Stable Outlook)' as at December 29, 2023 to the Pension Fund Manager while the fund is not currently rated.

**1.9** Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984;
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed; and
- The requirements of the Constitutive Documents, Voluntary Pension System Rules, 2005 (VPS Rules), The Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and the directives issued by the SECP;

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

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except investments that are stated at fair values.

**2.3 Functional and presentation currency**

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

**2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

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

For details please refer notes 4.2.1.1 and 6 to these financial statements.

**Impairment of financial assets**

For details please refer notes 4.2.2 to these financial statements.

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

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024**

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	<b>"Effective date (annual periods beginning on or after)"</b>
"Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies"	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Management Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

### 3.3 New accounting standards, amendments and interpretations that are not yet effective

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

	<b>"Effective date (annual periods beginning on or after)"</b>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
	<b>"Effective date (annual periods beginning on or after)"</b>
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

The Management Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

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

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

## **4 MATERIAL ACCOUNTING POLICY INFORMATION**

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

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

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

### **4.2 Financial instruments**

#### **4.2.1 Financial assets**

Financials assets are classified into appropriate categories at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The management determines the classification of financial assets into categories based on fund's business model for managing the financial and the contractual terms of the cash flows.

#### **4.2.1.1 Classification**

##### **4.2.1.1.1 Equity Instruments**

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

##### **4.2.1.1.2 Debt Instruments**

###### **Amortized cost**

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

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

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

###### **Fair value through profit or loss**

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

Subsequent, the financial assets are measured at:

###### **Debt investments at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income and impairment are recognised in income statement.

###### **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.

###### **Debt investments at FVTPL**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method and impairment are recognised in income statement.

#### **Equity instruments at FVOCI**

These assets are subsequently measured at their fair values. Gain/loss on remeasurement are recognised in other comprehensive income and are never recycled to income statement. Dividends are recognised in income statement when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

#### **Equity investments at FVTPL**

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

#### **4.2.1.2 Regular way purchase and sale of financial asset**

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

#### **4.2.1.3 Derecognition**

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

#### **4.2.2 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

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

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

The Fund's financial assets include mainly bank balances, investments and other receivables.

#### **4.2.3 Financial liabilities**

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

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

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

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of second schedule to the income Tax Ordinance, 2001. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such distributions are declared.

#### **4.6 Issuance and redemption of units**

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

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

#### **4.7 Net asset value per unit**

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

#### **4.8 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / profit / return on Government securities, bank profits and investment in debt securities are recognized using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.

- Dividend income from equity securities is recognised when the right to receive the dividend is established.

#### 4.9 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

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

#### 5. BALANCES WITH BANKS

	Note	June 30, 2024				June 30, 2023			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)									
Saving accounts	5.1	5,126	178,082	455,530	638,739	5,752	115,934	93,778	215,464

- 5.1 This includes balances of Rs.3.263 million, Rs.177.057 million & Rs.454.464 million (June 30, 2023: Rs.4.60 million, Rs.28.524 million & Rs.24.333 million) of equity sub-fund, debt sub-fund and money market sub-fund respectively placed with Habib Bank Limited (a related party), during the year these accounts carried profit at the rates ranging between 6.50% to 21.35% (June 30, 2023: 5.50% to 6.50%) respectively. During the year other savings accounts of the Fund carried profit at the rates ranging between 19.10% to 21.35% (June 30, 2023: 5.50% to 19.50%) per annum.

#### 6. INVESTMENTS

	Note	June 30, 2024				June 30, 2023			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)									
<b>At fair value through profit or loss<sup>1</sup></b>									
Listed equity securities	6.1	163,874	-	-	163,874	75,967	-	-	75,967
Government securities - Ijarah sukuks	6.2	-	183,590	123,258	306,848	-	100,067	145,097	245,164
Corporate Sukuk Bonds	6.3	-	997	60,000	60,997	-	42,419	46,000	88,419
<b>Total</b>		<b>163,874</b>	<b>184,587</b>	<b>183,258</b>	<b>531,719</b>	<b>75,967</b>	<b>142,486</b>	<b>191,097</b>	<b>409,550</b>

#### 6.1 Fair value through profit or loss Listed equity securities - Equity Sub-Fund

##### 6.1.1 Held by Equity Sub-Fund

Name of investee Company	Note	As at July 01, 2023	Purchased / bonus / right received during the year	Sold during the year	As at June 30, 2024	Total carrying value as at June 30, 2024	Total Market value as at June 30, 2024	Unrealised appreciation / (diminution) on revaluation of investments	Market value as a percentage of net assets of the sub fund	Market value as a percentage of total investments of sub fund	Investment as a percentage of paid-up capital of investee company
<b>Quoted investments</b>											
Number of shares ----- (Rupees in '000) ----- Percentage -----											
<b>Automobile and parts</b>											
Al Ghazi Tractors Limited	-	-	4,370	-	4,370	1,568	1,525	(43)	0.01	0.01	0.05
<b>Banking</b>											
Bank Islami Pakistan Limited	-	179,511	271,500	(363,310)	87,701	2,078	1,952	(125)	0.01	0.01	0.08
Faysal Bank Limited	-	-	171,000	(171,000)	-	-	-	-	-	-	-
Meezan Bank Limited	-	59,040	87,600	(140,940)	5,700	958	1,365	407	0.01	0.01	0.00
<b>Cement</b>											
D.G. Khan Cement Company Limited	-	79,905	284,700	(237,105)	127,500	10,146	11,509	1,363	0.07	0.07	0.29
Cherat Cement Company Limited	-	23,500	40,627	(64,127)	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	275,000	577,500	(382,500)	470,000	9,659	10,768	1,109	0.06	0.06	0.19
Kohat Cement Pakistan Limited	-	-	21,000	(21,000)	-	-	-	-	-	-	-
Lucky Cement Limited	-	13,750	25,920	(39,670)	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	175,000	509,300	(466,510)	217,790	7,691	8,276	585	0.05	0.05	0.21
Pioneer Cement Limited	-	-	66,500	(26,500)	40,000	4,817	6,746	1,929	0.04	0.04	0.18
Flying Cement Limited	-	-	181,000	-	181,000	1,667	1,506	(161)	0.01	0.01	0.26



Name of Investee Company	Note	As at July 01, 2023	Purchased / bonus / right received during the year	Sold during the year	As at June 30, 2024	Total carrying value as at June 30, 2024	Total Market value as at June 30, 2024	Unrealised appreciation / (diminution) on revaluation of investments	Market value as a percentage of net assets of the sub fund	Market value as a percentage of total investments of sub fund	Investment as a percentage of paid-up capital of investee company
Quoted investments		Number of shares			(Rupees in '000)			Percentage			
Ittehad Chemicals Limited		-	22,500	(1,000)	21,500	1,061	1,014	(47)	0.01	0.01	0.22
<b>Conglomerates</b>											
Engro Corporation Limited		12,600	63,040	(75,640)	-	-	-	-	-	-	-
<b>Glass and Ceramics</b>											
Tariq Glass Limited		-	197,883	(170,765)	27,118	2,997	3,161	164	0.02	0.02	0.16
<b>Engineering</b>											
International Steels Limited		-	81,739	(63,739)	18,000	1,291	1,522	231	0.01	0.01	0.04
Agha Steel Industries Limited		-	36,000	-	36,000	362	361	(1)	0.00	0.00	0.06
Aisha Steel Limited		-	48,000	-	48,000	332	353	21	0.00	0.00	0.05
Mughal Iron and Steel Industries Limited		-	97,500	(70,400)	27,100	2,190	2,520	331	0.02	0.02	0.08
<b>Fertilizer</b>											
Engro Fertilizers Limited		69,804	140,855	(201,954)	8,705	1,007	1,447	440	0.01	0.01	0.01
Fatima Fertilizer Bin Qasim Limited		-	79,000	(15,500)	63,500	2,052	2,252	200	0.01	0.01	0.05
Fauji Fertilizer Company Limited.		-	22,200	(22,200)	-	-	-	-	-	-	-
<b>Food and Personal Care</b>											
Unity Foods Limited		-	120,500	(120,500)	-	-	-	-	-	-	-
<b>Oil and gas exploration companies</b>											
Mari Petroleum Company Limited		3,180	4,897	(7,344)	733	1,752	1,988	236	0.01	0.01	0.01
Oil and Gas Development Company Limited		80,800	156,600	(131,400)	106,000	10,657	14,349	3,692	0.09	0.09	0.02
Pakistan Petroleum Limited		105,612	219,588	182,800	508,000	11,937	16,676	4,740	0.10	0.10	0.19
<b>Oil and gas marketing companies</b>											
Attock Petroleum Limited		-	5,000	(5,000)	-	-	-	-	-	-	-
Pakistan State Oil Company Limited		237	125,900	(63,300)	62,837	9,707	10,444	737	0.06	0.06	0.13
Shell Pakistan Limited		-	53,450	(53,450)	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited		60,982	390,359	(277,641)	173,700	9,188	11,025	1,836	0.07	0.07	0.27
<b>Packaging</b>											
Pakistan Aluminium Beverage Can Limited		-	29,700	(29,700)	-	-	-	-	-	-	-
Century Paper and Board Limited		-	139,500	(93,500)	46,000	1,488	1,378	(111)	0.01	0.01	0.11
<b>Pharmaceuticals</b>											
AGP Limited		-	24,150	(16,125)	8,025	549	741	192	0.00	0.00	0.03
Citi Pharma Limited		-	82,000	(82,000)	-	-	-	-	-	-	-
Ferozsons Lab		-	11,500	-	11,500	2,367	2,868	501	0.02	0.02	0.26
Highnoon Laboratories Limited		6,095	7,000	(10,700)	2,395	879	1,709	830	0.01	0.01	0.05
Abbot Laboratories Pakistan Limited		-	2,800	-	2,800	1,221	2,052	831	0.01	0.01	0.03
The Searle Company Limited		457	58,600	(7,499)	51,558	2,274	2,945	671	0.02	0.02	0.10
<b>Power generation and distribution</b>											
Hub Power Company Limited		95,000	161,600	(134,800)	51,558	13,620	19,863	6,243	0.12	0.12	0.04
K Electric Limited		-	790,000	(187,500)	602,500	2,978	2,790	(188)	0.02	0.02	0.02
<b>Technology &amp; Communication</b>											
TPL Trakker Limited		296,500	-	-	296,500	2,621	1,838	(783)	0.01	0.01	1.58
Systems Limited		10,150	14,748	(18,350)	6,548	2,807	2,739	(68)	0.02	0.02	0.02
<b>Refinery</b>											
Attock Refinery Limited		6,781	25,100	(25,441)	6,440	2,249	2,264	16	0.01	0.01	0.06
National Refinery Limited		-	6,575	(1,780)	4,795	1,210	1,273	63	0.01	0.01	0.06
<b>Automobile Assembler</b>											
Honda Atlas Cars Pakistan Limited		-	24,700	(10,200)	14,500	4,032	4,110	78	0.02	0.02	0.10
Sagar Engineering Works Limited		-	29,900	(28,920)	980	187	816	629	0.00	0.00	0.02
<b>Automobile Parts &amp; Accessories</b>											
Baluchistan Wheels Limited		-	24,500	(2,000)	22,500	3,282	2,925	(357)	0.02	0.02	1.69
Atlas Battery Limited		-	2,000	-	2,000	581	592	11	0.00	0.00	0.06
Exide Pakistan Limited		-	2,900	-	2,900	1,237	1,709	472	0.01	0.01	0.37
<b>Miscellaneous</b>											
TPL Properties Limited		-	66,500	(9,000)	57,500	636	503	(133)	0.00	0.00	0.10
		1,553,904	5,609,801	(3,667,210)	3,426,253	137,334	163,874	26,540			
Total as at June 30, 2024		1,553,904	5,609,801	(3,667,210)	3,426,253	137,334	163,874	26,540			
Total as at June 30, 2023		1,971,385	5,842,971	6,294,256	1,553,904	77,914	75,967	1,947			

**6.1.2** The above investments include shares with market value aggregating to Rs. 28.058 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. The details of pledged shares are as follows:

- Oil & Gas Development Company Limited (74,300 shares having market value of Rs. 10.058 million)
- Pakistan Petroleum Limited (77,100 shares having market value of Rs. 9.029 million)
- Sui Northern Gas Pipelines Limited (67,700 shares having market value of Rs. 4.297 million)
- Mughal Iron and Steel Industries Limited (3,000 shares having market value of Rs. 0.279 million)
- Pakistan State Oil Company Limited (11,000 shares having market value of Rs. 1.828 million)

**6.1.3** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Honorable Sindh High Court (the 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 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.0.065 million at June 30, 2024 (2023: Rs. 0.04 million) and not yet deposited on CDC account of department of Federal Board Revenue. The final outcome of the case is pending however, the Management Company is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

## 6.2 Government Securities - Ijarah Sukuk

### 6.2.1 Held by Debt Sub-Fund

Issue Date	Tenor	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of	
		As at July 1, 2023	Purchases during the period	Sales / matured during the period	As at June 30, 2024			Total investments of sub-fund	Net assets of sub- fund
----- (Rs in '000) -----				----- Rupees in ('000) -----		----- (%) -----			
April 17, 2023	1 Year	-	154,000	154,000	-	-	-	-	
May 22, 2023	1 Year	100,000	-	100,000	-	-	-	-	
June 26, 2023	1 Year	-	11,200	11,200	-	-	-	-	
August 7, 2023	1 Year	-	41,500	41,500	-	-	-	-	
October 9, 2023	1 Year	-	175,000	175,000	-	-	-	-	
December 4, 2023	3 Years	-	105,000	-	105,000	105,000	105,116	56.95%	28.69%
January 24, 2024	1 Year	-	15,715	1,050	14,665	13,219	13,260	7.18%	3.62%
April 26, 2024	1 Year	-	75,000	-	75,000	64,790	65,214	35.33%	17.80%
<b>Total as at June 30, 2024</b>		<b>100,000</b>	<b>577,415</b>	<b>482,750</b>	<b>194,665</b>	<b>183,009</b>	<b>183,590</b>	<b>99%</b>	<b>50%</b>
Total as at June 30, 2023		-	380,000	280,000	100,000	100,000	100,067		

### 6.2.2 Held by Money Market Sub-Fund

Issue Date	Tenor	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of	
		As at July 1, 2023	Purchases during the period	Sales / matured during the period	As at June 30, 2024			Total investments of sub-fund	Net assets of sub- fund
----- Rupees in ('000) -----				----- Rupees in ('000) -----		----- (%) -----			
April 17, 2023	1 Year	-	247,000	247,000	-	-	-	-	
May 22, 2023	1 Year	145,000	50,000	195,000	-	-	-	-	
June 26, 2023	1 Year	-	11,200	11,200	-	-	-	-	
August 7, 2023	1 Year	-	90,000	90,000	-	-	-	-	
October 9, 2023	1 Year	-	225,000	225,000	-	-	-	-	
December 4, 2023	3 Years	-	25,000	-	25,000	25,000	25,028	13.66%	3.85%
January 24, 2024	1 Year	-	18,495	-	18,495	16,663	16,713	9.12%	2.57%
April 26, 2024	1 Year	-	93,750	-	93,750	80,988	81,517	44.48%	12.55%
<b>Total as at June 30, 2024</b>		<b>145,000</b>	<b>760,445</b>	<b>768,200</b>	<b>137,245</b>	<b>122,651</b>	<b>123,258</b>	<b>67.26%</b>	<b>18.98%</b>
Total as at June 30, 2023		-	351,000	206,000	145,000	145,000	145,097		

### 6.3 Sukuk Bonds

#### 6.3.1 Held by Debt Sub-Fund

Investee Company	Issue Date	Face value			Carrying value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of		
		As at July 1, 2023	Purchases during the period	Sales / matured during the period			Total investment	Net assets of sub-fund	
		----- (Number of certificates) -----					----- Rupees in ('000) -----		----- (%) -----
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
TPL Tracker Limited	30-Mar-21	1	-	-	1	443	453	0.25%	0.12%
		<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>443</u>	<u>453</u>	<u>0.25%</u>	<u>0.12%</u>
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited - 190320	19-Mar-20	50	-	50	-	-	-	-	-
K-Electric Limited 090223	9-Feb-23	9	-	9	-	-	-	-	-
China Power Hub Generation Company - 280323	28-Mar-23	15	-	15	-	-	-	-	-
Lucky Electric Power Company Limited - 130623	13-Jun-23	13	-	13	-	-	-	-	-
Lucky Electric Power Company Limited - 160823	16-Aug-23	-	6	6	-	-	-	-	-
		<u>87</u>	<u>6</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>MISCELLANEOUS</b>									
Agha Steel Industries Limited (Disclosure for provision)	9-Aug-23	-	1	-	1	544	544	0.29%	0.04%
Agha Steel Industries Limited	9-Oct-18	1	-	1	-	-	-	-	-
OBS AGP Private Limited	15-Jul-21	20	-	20	-	-	-	-	-
		<u>21</u>	<u>1</u>	<u>21</u>	<u>1</u>	<u>544</u>	<u>544</u>	<u>0.29%</u>	<u>0.04%</u>
Total as at June 30, 2024		<u>109</u>	<u>7</u>	<u>114</u>	<u>2</u>	<u>987</u>	<u>997</u>	<u>0.54%</u>	<u>0.16%</u>
Total as at June 30, 2023		<u>120</u>	<u>78</u>	<u>89</u>	<u>109</u>	<u>42,527</u>	<u>42,419</u>		

#### 6.3.2 Held by Money Market sub fund

Investee Company	Issue Date	Face value			Carrying value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of		
		As at July 1, 2023	Purchases during the period	Sales / matured during the period			Total investments of sub-fund	Net assets of sub-fund	
		----- (Number of certificates) -----					----- Rupees in ('000) -----		----- (%) -----
K-Electric Limited - 090223	9-Feb-23	15	-	15	-	-	-	-	
China Power Hub Generation Company - 280323	28-Mar-23	10	-	10	-	-	-	-	
K-Electric Limited - 180523	18-May-23	9	-	9	-	-	-	-	
Lucky Electric Power Company Limited - 130623	13-Jun-23	12	-	12	-	-	-	-	
Lucky Electric Power Company Limited - 160823	16-Aug-23	-	5	5	-	-	-	-	
Lucky Electric Power Company Limited - 260324	26-Mar-24	-	60	-	60	60,000	60,000	32.74%	9.24%
		<u>46</u>	<u>65</u>	<u>51</u>	<u>60</u>	<u>60,000</u>	<u>60,000</u>	<u>32.74%</u>	<u>9.24%</u>
Total as at June 30, 2023		<u>10</u>	<u>69</u>	<u>33</u>	<u>46</u>	<u>46,000</u>	<u>46,000</u>		

### 7. DIVIDEND AND PROFIT RECEIVABLE

Particulars	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----							
Dividend receivable	10	-	-	10	2	-	-	2
Profit receivable on bank deposit	98	4,240	8,592	12,931	147	4,039	4,478	8,664
Profit receivable on Sukuk bonds	-	-	3,742	3,742	-	2,034	2,225	4,259
Profit receivable on Government securities	-	1,287	25	1,312	-	2,356	3,483	5,839
	<u>109</u>	<u>5,527</u>	<u>12,360</u>	<u>17,996</u>	<u>149</u>	<u>8,429</u>	<u>10,186</u>	<u>18,764</u>

**8. ADVANCES, DEPOSITS AND OTHER RECEIVABLE**

Particulars	June 30, 2023				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Security deposit with Central Depository Company of Pakistan Limited (CDC)	100	100	100	300	100	100	100	300
Security deposit with National Clearing Company of Pakistan Limited (NCCPL)	2500	-	-	2,500	2,500	-	-	2,500
Receivable against sale of investment	-	111	-	111	2,557	-	-	2,557
Advance tax	109	236	343	688	109	236	343	688
Others	26	13	11	51	26	14	11	51
	<u>2,735</u>	<u>461</u>	<u>454</u>	<u>3,650</u>	<u>5,292</u>	<u>350</u>	<u>454</u>	<u>6,096</u>

**8.1** The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of Second Schedule to the income Tax Ordinance, 2001. Further, the Fund is exempt from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.

**9. PAYABLE TO THE HBL FUND MANAGERS LIMITED - PENSION FUND MANAGER**

Note	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Remuneration payable to Pension Fund Manager	132	210	361	702	97	273	311	680
Sindh Sales Tax on remuneration to the Pension Fund Manager	17	27	47	91	13	35	40	89
	<u>149</u>	<u>237</u>	<u>408</u>	<u>793</u>	<u>110</u>	<u>308</u>	<u>351</u>	<u>769</u>

**9.1** As per the Regulation 61 of the NBFC Regulations, Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. The maximum limit disclosed in the Offering Document is 1.5% per annum of average annual net assets. During the year, the fee has been charged at the rate ranging between of 0.55% to 1.5% of the average annual net assets. The fee is payable monthly in arrears.

**9.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Pension Fund Manager through the Sindh Sales Tax on Services Act, 2011.

**10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

Note	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Remuneration payable	19	42	72	133	12	31	34	77
Sales tax on remuneration payable	2	5	9	16	2	4	4	10
	<u>21</u>	<u>47</u>	<u>82</u>	<u>150</u>	<u>14</u>	<u>35</u>	<u>38</u>	<u>87</u>

**10.1** The Central Depository Company of Pakistan Limited is entitled to remuneration at the following rates on net assets of the Fund:

**Net Assets**

Up to Rs.1,000 million  
Above Rs.1,001 million and up to Rs.3,000 million  
  
Above Rs.3,001 million and up to Rs.6,000 million  
  
Above Rs.6,000 million

**Tariff per annum**

0.15% per annum  
Rs.1.5 million plus 0.10% per annum of net assets, on amount exceeding Rs.1,000 million  
Rs.3.5 million plus 0.08% per annum of net assets, on amount exceeding Rs.3,000 million  
Rs.5.9 million plus 0.06% per annum of net assets, on amount exceeding Rs.6,000 ,million

**10.2** The Provincial Government of Sindh has levied Sales tax at the rate of 13% (2023: 13%) on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

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

Note	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000							
11.1	44	121	160	325	34	67	61	162

**11.1** This represents annual SECP fee. SECP vide S.R.O. 1620 (I) / 2019, dated December 24, 2019 revised its annual fee to 0.04% (2023: 0.04%) per annum of average daily net assets of the Fund.

**12. ACCRUED EXPENSES AND OTHER LIABILITIES**

Note	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000							
Auditor's remuneration	75	116	126	318	70	134	123	327
Federal excise duty	880	488	383	1,751	880	488	383	1,751
Payable against redemption of units	159	1,034	999	2,192	91	2,024	2,708	4,823
Payable against purchase of investment	1,380	-	-	1,380	-	-	-	-
Other payable	439	197	110	746	401	156	81	638
Payable to Pension Fund Manager	2,500	-	-	2,500	-	-	-	-
	<u>5,434</u>	<u>1,835</u>	<u>1,618</u>	<u>8,887</u>	<u>1,442</u>	<u>2,802</u>	<u>3,295</u>	<u>7,539</u>

**12.1 FEDERAL EXCISE DUTY**

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Pension Fund Manager has been applied effective from June 13, 2013. The Pension Fund Manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the MUFAP along-with CDC with the Sindh High Court (SHC) on September 04, 2013. While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2024.

However, since the appeal is pending in Supreme Court of Pakistan, the Pension Fund Manager has made a provision of FED on remuneration of the Pension Fund Manager, aggregating to Rs. 0.88 million, Rs. 0.488 million and Rs. 0.383 million (2023: Rs. 0.88 million, Rs. 0.488 million and Rs. 0.383 million ), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2024 would have been higher by Rs 2.98 per unit, Rs. 0.36 per unit and Rs. 0.15 per unit (2023: Rs. 3.35 per unit, Rs. 0.41 per unit and Rs. 0.28 per unit) for equity sub-fund, debt sub-fund and money market sub-fund respectively.

### 13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 (2023: Nil).

### 14. NUMBER OF UNITS IN ISSUE

Particulars	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Beginning of the year	262,883	1,202,593	1,367,718	2,833,194	376,992	591,819	544,634	1,513,445
Units issued during the year	301,783	840,477	1,959,579	3,101,839	111,482	878,675	1,014,431	2,004,588
Effect of reallocation	-	-	-	-	(168,690)	(289,351)	(276,889)	(734,930)
Units redeemed during the year	(269,386)	(673,497)	(828,097)	(1,770,980)	(56,901)	21,450	85,542	50,091
Total units in issue at the end of the year	295,280	1,369,573	2,499,200	4,164,053	262,883	1,202,593	1,367,718	2,833,194

### 15. AUDITOR'S REMUNERATION

Particulars	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees '000 -----								
Annual audit fee	17	85	136	238	21	130	120	271
Review of condensed interim financial information	16	49	42	107	15	50	40	105
Shahriah compliance certification	23	-	-	23	25	-	-	25
Sales tax	56	134	178	368	61	180	160	401
Out of pocket expenses	5	11	12	498	5	16	14	35
	6	13	15	889	6	18	16	40
	67	158	205	1,755	72	214	190	476

### 16. TAXATION

The income of the fund is exempt from tax under clause 57 (3) (viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Fund is also exempt from the provisions of sec 113 (Minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 17. EARNING PER UNIT

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

### 18. FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	June 30, 2024								
	Equity Sub Fund			Debt Sub Fund			Money Market Sub Fund		
	Amortised cost	At fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----									
<b>Financial assets</b>									
Balances with banks	5,126	-	5,126	178,082	-	178,082	455,530	-	455,530
Investments	-	163,874	163,874	-	184,587	184,587	-	183,258	183,258
Dividend and profit receivable	109	-	109	5,527	-	5,527	12,360	-	12,360
Advances, deposits and other receivables	2,626	-	2,626	225	-	225	111	-	111
	7,861	163,874	171,735	183,834	184,587	368,421	468,001	183,258	651,259

#### Transactions during the year

Particulars	June 30, 2023								
	Equity Sub Fund			Debt Sub Fund			Money Market Sub Fund		
	Amortised cost	At fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----									
<b>Financial assets</b>									
Bank balances	5,752	-	5,752	115,934	-	115,934	93,778	-	93,778
Investments	-	75,967	75,967	-	142,486	142,486	-	191,097	191,097
Dividend and profit receivable	149	-	149	8,429	-	8,429	10,186	-	10,186
Advances, deposits and other receivables	5,292	-	5,292	350	-	350	454	-	454
	11,193	75,967	87,160	124,713	142,486	267,199	104,418	191,097	295,515

Particulars	June 30, 2024								
	Equity Sub Fund			Debt Sub Fund			Money Market Sub Fund		
	Amortised cost	At fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Total
(Rupees in '000)									
<b>Financial liabilities</b>									
Payable to HBL Asset Management Limited- Pension Fund Manager	132	-	132	210	-	210	361	-	361
Payable to the Central Depository Company of Pakistan Limited - Trustee	19	-	19	42	-	42	72	-	72
Accrued expenses and other liabilities	4,554	-	4,554	1,835	-	1,835	1,618	-	1,618
	<u>4,704</u>	<u>-</u>	<u>4,704</u>	<u>2,086</u>	<u>-</u>	<u>2,086</u>	<u>2,051</u>	<u>-</u>	<u>2,051</u>

Particulars	June 30, 2023								
	Equity Sub Fund			Debt Sub Fund			Money Market Sub Fund		
	Amortised cost	At fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Total
(Rupees in '000)									
<b>Financial liabilities</b>									
Payable to HBL Asset Management Limited- Pension Fund Manager	97	-	97	273	-	273	311	-	311
Payable to the Central Depository Company of Pakistan Limited - Trustee	12	-	12	31	-	31	34	-	34
Payable to the SECP	34	-	34	67	-	67	61	-	61
Accrued expenses and other liabilities	1,442	-	1,442	2,802	-	2,802	3,295	-	3,295
	<u>1,585</u>	<u>-</u>	<u>1,585</u>	<u>3,173</u>	<u>-</u>	<u>3,173</u>	<u>3,701</u>	<u>-</u>	<u>3,701</u>

## 19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, Collective Investment Schemes and other Voluntary Pension Systems managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager, directors of connected persons and persons having 10% or more beneficial ownership or voting power of the units of the Fund or the capital of the Pension Fund Manager.

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 Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

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

### 19.1 Transactions during the period

	For the year ended June 30, 2024				For the year ended June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Remuneration of the Pension Fund Manager	558	1,945	2,329	4,831	1,371	1,529	1,200	4,100
Sindh Sales Tax on remuneration of the Pension Fund Manager	73	253	303	628	178	199	156	533
Allocation of fees and expenses / (reversal) related to registrar services, accounting, operation and valuation services	-	706	1,129	1,836	102	485	294	881
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Remuneration to Central Depository Company of Pakistan Limited - Trustee	913	451	597	1,960	128	252	230	611
Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited - Trustee	119	59	78	255	17	33	30	79
Central Depository System Charges	-	-	-	-	21	7	7	35

	For the year ended June 30, 2024				For the year ended June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
<b>Habib Bank Limited - Sponsor</b>								
Redemption of units	-	-	-	-	103,535	-	-	103,535
Amount of units redeemed	-	-	-	-	36,471	-	-	36,471
Bank charges	22	43	49	114	29	36	36	101
Profit on bank deposits earned	10	606	1,411	2,027	80	102	95	277
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>								
<b>Directors and their relatives</b>								
Issuance of units	Units 5,478	-	-	5,478	5,049	-	-	5,049
Amount of units issued	2,500	-	-	2,500	1,000	-	-	1,000
Reallocation of units	Units 2,786	-	(5,425)	(2,639)	(244)	-	-	(244)
Amount of units reallocated	1,270	-	(1,270)	-	(80)	-	-	(80)
<b>Executives and their relatives</b>								
Issuance of units	Units 26,491	22,629	3,445	52,565	19,893	2,866	506	23,265
Amount of units issued	12,673	5,609	818	19,100	6,495	663	157	7,315
Reallocation of units	Units 1,728	(200)	(3,279)	(1,751)	-	-	-	-
Amount of units reallocated	878	(56)	(822)	-	-	-	-	-
<b>Directors of connected persons</b>								
Redemption of units	Units -	55,036	-	55,036	-	-	-	-
Amount of units redeemed	-	13,695	-	13,695	-	-	-	-
<b>CDC Trustee HBL Islamic Income Fund - Under Common Management</b>								
Purchase of GOP Ijara Sukuk	-	153,073	253,699	406,772	-	-	-	-
Sale of GOP Ijara Sukuk	-	8,885	-	8,885	-	-	-	-
<b>CDC Trustee HBL Financial Sector Income Fund - Under Common Management</b>								
Sale of GOP Ijara Sukuk	-	106,995	216,555	323,550	-	-	-	-
<b>CDC Trustee HBL Islamic Pension Fund - Under Common Management</b>								
Reallocation of GOP Ijara Sukuk	-	11,293	(11,293)	-	-	-	-	-
<b>CDC Trustee HBL Islamic Money Market Fund Under Common Management</b>								
Sale of GOP Ijara Sukuk	-	-	21,537	21,537	-	-	-	-

## 19.2 Balances outstanding as at period end

	For the year ended June 30, 2024				For the year ended June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Remuneration Payable to the Pension Fund Manager		210	361	702	97	273	311	680
Sindh Sales Tax payable on remuneration of the Pension Fund Manager		27	47	91	13	35	40	89
Allocation of expenses related to registrar services, accounting, operation and valuation services		167	257	423	-	75	85	160
Other payable to Pension Fund Manager		-	-	2,500	-	-	-	-
<b>Habib Bank Limited - Sponsor</b>								
Bank balances		454,464	VIS	457,727	4,600	28,524	24,333	57,457
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>								
<b>Directors and their relatives</b>								
Units held	Units 30,853	40,287	15,662	86,802	22,589	40,287	21,087	83,963
Amount of units held	15,141	10,308	3,898	29,347	7,352	8,844	4,498	20,694
<b>Executives and their relatives</b>								
Units held	Units 60,937	25,332	690	86,959	32,718	2,903	524	36,145
Amount of units held	29,904	6,482	172	36,558	10,649	637	112	11,398
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Remuneration to Central Depository Company of Pakistan Limited - Trustee	19	42	72	133	12	31	34	77
Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited - Trustee	2	5	9	16	2	4	4	10
Security deposit receivable	100	100	100	300	100	100	100	300
<b>Directors of connected persons</b>								
Units held	Units -	-	-	-	23,961	55,036	-	78,997
Amount of units held	-	-	-	-	7,799	12,081	-	19,880



	2022									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	
	(Rupees in '000)									
Financial assets										
Bank balances	4,065	-	4,065	88,713	-	88,713	88,027	-	88,027	180,805
Investments	-	127,886	127,886	-	20,842	20,842	-	10,000	10,000	158,728
Dividend and accrued mark-up	187	-	187	2,017	-	2,017	1,815	-	1,815	4,019
Advances and deposits	2,680	-	2,680	100	-	100	100	-	100	2,880
	<u>6,932</u>	<u>127,886</u>	<u>134,818</u>	<u>90,830</u>	<u>20,842</u>	<u>111,672</u>	<u>89,942</u>	<u>10,000</u>	<u>99,942</u>	<u>346,432</u>

	2022									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	
	(Rupees in '000)									
Financial liabilities										
Payable to HBL Asset Management Limited - Pension Fund Manager	326	-	326	64	-	64	40	-	40	430
Payable to Central Depository Company of Pakistan Limited - Trustee	21	-	21	15	-	15	13	-	13	49
Accrued expenses and other liabilities	500	-	500	227	-	227	139	-	139	866
	<u>847</u>	<u>-</u>	<u>847</u>	<u>306</u>	<u>-</u>	<u>306</u>	<u>192</u>	<u>-</u>	<u>192</u>	<u>1,345</u>

## 20. FINANCIAL RISK MANAGEMENT

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

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

The Fund primarily invests in a portfolio of equity, debt and money market investments such as shares of listed companies, investment - grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

### 20.1 Market risk

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

The Pension Fund Manager manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee. The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the VPS Rules.

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

#### 20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund is not exposed to currency risk.

**20.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

**20.1.2 a) Cash flow interest rate risk**

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) by Rs. 0.0513 million for Equity Sub-Fund, Rs. 1.7808 million for Debt Sub- Fund and Rs. 4.553 million for Money Market Sub-Fund, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

**20.1.2 b) Fair value interest rate risk**

The Fund's investment in GOP Ijara Sukuk, Equity securities and Corporate Sukuk/ TFC exposes it to fair value interest rate risk.

In case of 100 basis points increase/decrease in rates announced by the Financial Market Association of Pakistan on June 30, 2024, with all other variables held constant, the net income for the year and the net assets would be lower/higher by Rs. 1.6387 million for Equity Sub-Fund , Rs. 1.8459 million for Debt Sub- Fund and Rs.1.8326 million for Money Market Sub-Fund .

Yield / interest rate sensitivity position for on-statement of financial position financial instruments is based on the earlier of contractual repricing or maturity date and for off-statement of financial position instruments is based on the settlement date.

**Fair value interest rate risk**

Effective yield / interest rate	Total	2024											
		Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund			
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Up to three months	More than three months and up to one year	More than one year		Up to three months	More than three months and up to one year	More than one year		Up to three months	More than three months and up to one year	More than one year	
(Rupees in '000)													
On-balance sheet financial instruments													
<b>Financial assets</b>													
Balances with banks	17.50% - 20.90%	638,739	5,126	-	-	178,082	-	-	-	455,530	-	-	-
Investments		531,719	-	-	163,874	-	184,587	-	-	-	183,258	-	-
Dividend and profit receivable		17,996	-	-	109	-	-	-	5,527	-	-	-	12,360
Advances, deposits and other receivables		2,962	-	-	2,626	-	-	-	225	-	-	-	111
		1,191,416	5,126	-	166,609	178,082	184,587	-	5,752	455,530	183,258	-	12,471
<b>Financial liabilities</b>													
Payable to the Pension Fund Manager		702	-	-	132	-	-	-	210	-	-	-	361
Payable to the Trustee		133	-	-	19	-	-	-	42	-	-	-	72
Accrued and other liabilities		8,007	-	-	4,554	-	-	-	1,835	-	-	-	1,618
		8,842	-	-	4,704	-	-	-	2,086	-	-	-	2,051
On-balance sheet gap		1,182,574	5,126	-	161,905	178,082	184,587	-	3,665	455,530	183,258	-	10,420
Off-balance sheet financial instruments		-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-	-
(Rupees in '000)													
<b>Financial assets</b>													
Balances with banks	5.5% - 19.5%	215,701	5,752	-	-	115,934	-	-	-	93,778	-	-	237
Investments	5.7% - 24%	409,550	-	-	75,967	-	142,486	-	-	-	191,097	-	-
Dividend and profit receivable		42,037	-	-	149	-	-	-	8,429	-	-	10,186	23,273
Advances, deposits and other receivables		12,131	-	-	5,292	-	-	-	350	-	-	454	6,035
		679,419	5,752	-	81,408	115,934	142,486	-	8,779	93,778	191,097	10,640	29,545
<b>Financial liabilities</b>													
Payable to the Pension Fund Manager		680	-	-	97	-	-	-	273	-	-	-	311
Payable to the Trustee		77	-	-	12	-	-	-	31	-	-	-	34
Accrued and other liabilities		7,539	-	-	1,442	-	-	-	2,802	-	-	-	3,295
		8,296	-	-	1,551	-	-	-	3,106	-	-	-	3,640
On-balance sheet gap		671,123	5,752	-	79,857	115,934	142,486	-	5,673	93,778	191,097	10,640	25,905
Off-balance sheet financial instruments		-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-	-

### 20.1.3 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to factors specific to the individual financial instrument or its issuer such as, change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, or factors affecting all similar financial instruments traded in the market such as changes in the industry environment and / or the economy in general.

The Pension Fund Manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to achieve long term capital growth by investing primarily in equity securities. The Fund's market risk is managed on a daily basis by the Pension Fund Manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio.

The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

The Fund does not hold any instrument that is exposed to price risk.

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in corporate Sukuk/TFC bonds, and bank deposit. Risks attributable to investments in GOP Ijara Sukuk are limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating. The risk of default is considered minimal due to interest systematic measures taken therein.

#### 20.2.1 The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2024.

Bank	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Latest available published rating as at June 30, 2024	Rating agency
----- Rupees in '000 -----					
HABIB BANK LIMITED	3,264	177,057	454,464	A-1+	VIS
FAYSAL BANK LIMITED	-	2	258	A-1+	VIS
DUBAI ISLAMIC BANK	96	6	11	A-1+	VIS
BANK ISLAMI PAKISTAN LIMITED	1,767	91	-	A-1	PACRA
ALLIED BANK LIMITED	-	41	16	A-1+	PACRA
MEEZAN BANK LIMITED	-	6	4	A-1+	VIS
SONERI BANK LIMITED	-	251	-	A-1+	PACRA
BANK ALFALAH	-	10	10	A-1+	PACRA
NATIONAL BANK OF PAKISTAN	-	18	36	A-1+	PACRA
HABIB METROPOLITAN BANK LIMITED	-	404	121	A-1+	PACRA
UNITED BANK LIMITED	-	49	581	A-1+	VIS
BANK AL HABIB LIMITED	-	15	29	A-1+	PACRA
AL BARAKA BANK LIMITED	-	132	-	A-1	VIS
	5,126	178,082	455,530		

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

##### Rating by rating category

A-1+	99.69%
A-1	0.31%

There is no exposure other than bank balance as disclosed above as at June 30, 2024.

#### **Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

### **20.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. The Pension Fund Manager's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

#### **Management of liquidity risk**

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings. The facility would bear interest at commercial rates.

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

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

The following table analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	June 30, 2024												Total
	Equity Sub Fund				Debt Sub Fund				Money Market Sub Fund				
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
(Rupees in '000)													
<b>Financial Liabilities</b>													
Payable to HBL Asset Management Limited - Pension Fund Manager	132	-	-	132	210	-	-	210	361	-	-	361	702
Payable to the Central Depository Company of Pakistan Limited - Trustee	19	-	-	19	42	-	-	42	72	-	-	72	133
Accrued expenses and other liabilities	5,434	-	-	5,434	1,835	-	-	1,835	1,618	-	-	1,618	8,887
	<u>5,585</u>	<u>-</u>	<u>-</u>	<u>5,585</u>	<u>2,086</u>	<u>-</u>	<u>-</u>	<u>2,086</u>	<u>2,051</u>	<u>-</u>	<u>-</u>	<u>2,051</u>	<u>9,722</u>

Particulars	June 30, 2023												Total
	Equity Sub Fund				Debt Sub Fund				Money Market Sub Fund				
	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	Up to three months	Over three months and up to one year	Over one year	Total	
(Rupees in '000)													
<b>Financial Liabilities</b>													
Payable to HBL Fund Manager Limited - Pension Fund Manager	97	-	-	97	273	-	-	2,069	311	-	-	1,976	4,142
Payable to the Central Depository Company of Pakistan Limited - Trustee	12	-	-	12	35	-	-	89	34	-	-	116	217
Accrued expenses and other liabilities	1,442	-	-	1,442	2,802	-	-	9,618	3,295	-	-	11,528	22,588
	<u>1,551</u>	<u>-</u>	<u>-</u>	<u>1,551</u>	<u>3,110</u>	<u>-</u>	<u>-</u>	<u>11,776</u>	<u>3,640</u>	<u>-</u>	<u>-</u>	<u>13,620</u>	<u>26,947</u>

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

## 21 UNITHOLDERS' FUND RISK MANAGEMENT

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

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

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

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	June 30, 2024			Total
	Level 1	Level 2	Level 3	
<b>Investments at fair value through profit or loss</b>	----- (Rupees in '000) -----			
<b>Equity Sub-Fund</b>				
Listed equity securities	163,874	-	-	163,874
<b>Debt Sub-Fund</b>				
Government of Pakistan - Ijara Sukuks	183,590	-	-	183,590
Corporate Sukuk bonds	-	997	-	997
<b>Money Market Sub-Fund</b>				
Government of Pakistan - Ijara Sukuks	123,258	60,000	-	183,258
Corporate Sukuk bonds				
	470,722	60,997	-	531,719

	June 30, 2023			Total
	Level 1	Level 2	Level 3	
<b>Investments at fair value through profit or loss</b>	----- (Rupees in '000) -----			
<b>Equity Sub-Fund</b>				
Listed equity securities	75,967	-	-	75,967
<b>Debt Sub-Fund</b>				
Government of Pakistan - Ijara Sukuks	100,067	-	-	100,067
Corporate Sukuk bonds	-	41,141	1,278	42,419
<b>Money Market Sub-Fund</b>				
Government of Pakistan - Ijara Sukuks	145,097	-	-	145,097
Corporate Sukuk bonds	-	46,000	-	46,000
	321,131	87,141	1,278	363,550

#### 22.1 Valuation techniques

For level 1 investments at fair value through profit or loss in units of mutual funds, Fund uses daily quotations which are taken from PSX, for the purpose of computation of Market value at the reporting date.

For level 2 investments at fair value through profit or loss in units of mutual funds, Fund uses PKISRV rates which are taken from MUFAP, for the purpose of computation of Market value at the reporting date.

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

#### 22.3 Transfers during the year

No transfer were made between various levels of fair value hierarchy during the year.

#### 23. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2024 are as follows:

S. no.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSC	25+
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	28+
3	Rahat Saeed Khan	Head of Fixed Income	MBA	26+
4	Imad Ansari	Head of Risk	MBA	17+
5	Ahsan Ali	Head of Research	CFA	8+
6	Raza Abbas	Senior Fund Manager	M.Com	21

#### 24. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

Four meetings of the Board of Directors were held on August 17, 2023 and October 19, 2023, January 25, 2024, April 18, 2024 respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Particular	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	

**Name of Director**

1	Mr. Shahid Ghaffar	6	6	0	-
2	Ms. Ava A. Cowasjee	6	6	0	-
3	Mr. Rayomond H. Kotwal	6	5	1	October 27,2023.
4	Mr. Abrar Ahmed Mir	6	6	0	-
5	Mr. Tariq Masaud	6	6	0	-
6	Mr. Abid Sattar	6	6	0	-
7	Mr. Khalid Malik	6	6	0	-

**25. TOTAL EXPENSE RATIO**

In accordance with the S.R.O 1068 (I) / 2021 dated August 23, 2021 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the equity sub fund, debt sub fund and money market sub fund for the year ended June 30, 2024 is 1.56%, 1.58% and 3.54% (June 30, 2023: 1.82%, 0.74% and 0.69%) respectively which includes 0.33%,0.17% and 0.17% (June 30, 2023: 0.11%, 0.05% and 0.05%) respectively representing Government levy and SECP fee.

**26 GENERAL**

**26.1** Figures have been rounded off to the nearest thousand rupees, where stated otherwise.

**26.2** Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

**27. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on September 26, 2024.

**For HBL Asset Management Limited**  
**(Pension Fund Manager)**

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

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

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



**HBL**

**Pension Fund**

<b>NAME OF FUND</b>	<b>HBL Pension Fund</b>
<b>NAME OF AUDITOR</b>	<b>BDO Ebrahim &amp; Co.</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Faysal Bank Limited Allied Bank JS Bank Limited Sindh Bank Limited Soneri Bank Limited Zarai Taraqati Bank Limited U Microfinance Bank Limited Bank Alfalah Limited Khushhali Bank Limited Bank Al Habib Limited National Bank Of Pakistan HBL Microfinance Bank Limited Dubsi Islamic Bank Limited</b>

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE PARTICIPANTS**

**HBL PENSION FUND**

**Report of the Trustee pursuant to Regulation 67D of the Non-Banking Finance Companies  
and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Pension Fund Manager has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Further, in our opinion, the management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework.

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

Karachi, September 27, 2024





Tel: +92 21 3568 3030  
Fax: +92 21 3568 4239  
www.bdo.com.pk

2nd Floor, Block-C  
Lakson Square, Building No.1  
Sarwar Shaheed Road  
Karachi-74200  
Pakistan

## INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS OF HBL PENSION FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Pension Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in participants' sub funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

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

The Management Company ("HBL Asset Management Limited") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

Page - 1

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.



The Board of Directors of the Management company is responsible for overseeing the Fund's financial reporting process.

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

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

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

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

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



**Report on other legal and regulatory requirements**

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

**Other Matter**

The financial statements of the HBL Pension Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants who have expressed an unmodified opinion on those statements vide their report dated September 25, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 27 SEP 2024

UDIN: AR20241016659af63DLg

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

# HBL PENSION FUND

## Statement of Assets and Liabilities

As at June 30, 2024

	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----Rupees in '000-----								
<b>Assets</b>								
Balances with banks	3,879	403,682	569,523	977,084	2,864	130,298	37,880	171,042
Investments	94,743	478,931	468,914	1,042,588	52,645	243,711	658,530	954,886
Dividend and profit receivable	120	25,906	7,637	33,663	55	7,110	11,367	18,532
Receivable Against issuance of Units	-	1,464	-	1,464	-	-	-	-
Advance Deposits and other receivable	2,682	669	216	3,567	2,812	796	229	3,837
<b>Total assets</b>	<b>101,424</b>	<b>910,652</b>	<b>1,046,290</b>	<b>2,058,366</b>	<b>58,376</b>	<b>381,915</b>	<b>708,006</b>	<b>1,148,297</b>
<b>Liabilities</b>								
Payable to Pension Fund Manager	115	879	1,069	2,063	78	485	907	1,470
Payable to Trustee	15	101	122	238	11	54	99	164
Annual fee payable to the Securities and -								
'Exchange Commission of Pakistan	42	203	350	595	27	120	202	349
Payable against purchase of Securities	352	-	-	352	-	-	-	-
Accrued expenses and other liabilities	3,617	1,037	3,160	7,814	893	1,650	2,349	4,892
<b>Total liabilities</b>	<b>4,141</b>	<b>2,220</b>	<b>4,701</b>	<b>11,062</b>	<b>1,009</b>	<b>2,309</b>	<b>3,557</b>	<b>6,875</b>
<b>Net assets</b>	<b>97,283</b>	<b>908,432</b>	<b>1,041,589</b>	<b>2,047,304</b>	<b>57,367</b>	<b>379,606</b>	<b>704,449</b>	<b>1,141,422</b>
<b>PARTICIPANT'S SUB FUNDS (AS PER STATEMENT ATTACHED)</b>	<b>97,283</b>	<b>908,432</b>	<b>1,041,589</b>	<b>2,047,304</b>	<b>57,367</b>	<b>379,606</b>	<b>704,449</b>	<b>1,141,422</b>
<b>CONTINGENCIES AND COMMITMENTS</b>								
<b>Number of units in issue</b>	<b>188,020</b>	<b>2,667,461</b>	<b>3,518,606</b>		<b>190,261</b>	<b>1,362,202</b>	<b>2,898,259</b>	
<b>Net assets value per unit</b>	<b>517.4060</b>	<b>340.5606</b>	<b>296.0229</b>		<b>301.5172</b>	<b>278.6710</b>	<b>243.0594</b>	

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

# HBL PENSION FUND

## Income Statement

For the year ended June 30, 2024

FOR THE YEAR ENDED JUNE 30, 2024

		June 30, 2024				June 30, 2023			
		Equity	Debt	Money Market	Total	Equity	Debt	Money Market	Total
		Sub-Fund	Sub-Fund	Sub-Fund		Sub-Fund	Sub-Fund	Sub-Fund	
Note		-----Rupees in '000-----							
<b>Income</b>									
		27,333	7,178	1,023	35,534	(3,849)	212	(433)	(4,070)
		9,037	-	-	9,037	5,524	-	-	5,524
		655	36,614	25,594	62,863	481	22,544	25,463	48,488
		-	60,757	158,918	219,675	-	31,515	66,505	98,020
		37,025	104,549	185,535	327,109	2,156	54,271	91,535	147,962
		14,773	3,117	544	18,434	(1,092)	(111)	(334)	(1,537)
		51,798	107,666	186,079	345,543	1,064	54,160	91,201	146,425
<b>Expenses</b>									
	9.1	1,205	5,953	10,307	17,465	1,265	3,034	4,227	8,526
	9.2	157	774	1,340	2,271	-	-	-	-
	10.1	135	676	1,172	1,983	117	512	858	1,487
	10.2	18	88	152	258	-	-	-	-
	11.1	42	203	351	596	27	120	202	349
	16	66	150	252	468	3	148	279	430
		77	155	72	304	35	55	50	140
		2,019	27	11	2,057	1,079	-	-	1,079
		-	-	-	-	6	12	17	35
		-	-	-	-	446	-	-	446
		3,719	8,026	13,657	25,402	2,978	3,881	5,633	12,492
		48,079	99,640	172,422	320,141	(1,914)	50,279	85,568	133,933
	17	-	-	-	-	-	-	-	-
		48,079	99,640	172,422	320,141	(1,914)	50,279	85,568	133,933
	18								

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director



**HBL PENSION FUND**  
**Statement of Movement in Participants' Funds**  
*For the year ended June 30, 2024*

	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- Rupees in '000 -----							
Net income / (loss) for the year	48,079	99,640	172,422	320,141	(1,914)	50,279	85,568	133,933
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	48,079	99,640	172,422	320,141	(1,914)	50,279	85,568	133,933

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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

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

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

**HBL PENSION FUND**  
**Statement of Comprehensive Income**  
For the year ended June 30, 2024

	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees in '000-----							
Net assets at the beginning of the year	57,367	379,606	704,449	1,141,422	133,433	294,946	403,035	831,414
Amount received on issue of units	195,362	565,915	368,955	1,130,232	19,123	153,674	398,593	571,390
Amount paid on redemption of units	(203,525)	(136,729)	(204,237)	(544,491)	(72,649)	(109,501)	(213,165)	(395,315)
Reallocation among funds	-	-	-	-	(20,626)	(9,792)	30,418	-
	(8,163)	429,186	164,718	585,741	(74,152)	34,381	215,846	176,075
Capital gain / (loss) on sale of investments	27,333	7,178	1,023	35,534	(3,849)	212	(433)	(4,070)
Unrealised appreciation / (diminution) on 're-measurement - 'of investments classified at fair value 'through profit or loss' - net	14,773	3,117	544	18,434	(1,092)	(111)	(334)	(1,537)
Other income for the year - net	5,973	89,345	170,855	266,173	3,027	50,178	86,335	139,540
<b>Total comprehensive income/ (loss) for the year</b>	<b>48,079</b>	<b>99,640</b>	<b>172,422</b>	<b>320,141</b>	<b>(1,914)</b>	<b>50,279</b>	<b>85,568</b>	<b>133,933</b>
Net assets at the end of the year	97,283	908,432	1,041,589	2,047,304	57,367	379,606	704,449	1,141,422

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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

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

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

**HBL PENSION FUND**  
**Cash Flow Statement**  
For the year ended June 30, 2024

	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- Rupees in '000 -----							
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Net income / (loss) for the year before taxation	48,079	99,640	172,422	320,141	(1,914)	50,279	85,568	133,933
Adjustments for:								
Capital (gain) / loss on Investment	(27,333)	(7,178)	(1,023)	(35,534)	3,849	(212)	433	4,070
Unrealised appreciation / (diminution) on re-measurement of investments 'classified at fair value through profit or loss' - net	(14,773)	(3,117)	(544)	(18,434)	1,092	111	334	1,537
Dividend income	(9,037)	-	-	(9,037)	(5,524)	-	-	(5,524)
Profit on bank deposits	(655)	(36,614)	(25,594)	(62,863)	(481)	(22,544)	(25,463)	(48,488)
Mark-up / return on investments	-	(60,757)	(158,918)	(219,675)	-	(31,515)	(66,505)	(98,020)
	(3,719)	(8,026)	(13,657)	(25,402)	(2,978)	(3,881)	(5,633)	(12,492)
<b>(Decrease) / increase in assets</b>								
Investments	8	(224,925)	191,183	(33,734)	70,205	(182,714)	(621,775)	(734,284)
Receivable against issuance of Units	-	(1,464)	-	(1,464)	-	-	-	-
Deposits and other receivables	130	127	13	270	719	(382)	(58)	279
	138	(226,262)	191,196	(34,928)	70,924	(183,096)	(621,833)	(734,005)
<b>Increase / (decrease) in liabilities</b>								
Payable to Pension Fund	37	394	162	593	(333)	290	733	690
Payable to Trustee	4	47	23	74	(14)	11	38	35
Payable to Securities and Exchange Commission of Pakistan	15	83	148	246	(22)	65	126	169
Payable against purchase of Securities	352	-	-	352	-	-	-	-
Accrued expenses and other liabilities	2,724	(613)	811	2,922	24	683	1,409	2,116
	3,132	(89)	1,144	4,187	(345)	1,049	2,306	3,010
<b>CASH (USED IN) / GENERATED FROM OPERATION</b>	(449)	(234,377)	178,683	(56,143)	67,601	(185,928)	(625,160)	(743,487)
Dividend received	8,977	-	-	8,977	5,517	-	-	5,517
Profit received on bank deposits	650	32,976	25,752	59,378	577	25,315	29,950	55,842
Mark-up received on investments	-	45,599	162,490	208,089	-	27,443	58,469	85,912
	9,627	78,575	188,242	276,444	6,094	52,758	88,419	147,271
Net cashflows generated from / (used in) operating activities	9,178	(155,802)	366,925	220,301	73,695	(133,170)	(536,741)	(596,216)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>								
Receipts from issue of units	195,362	565,915	368,955	1,130,232	19,123	153,674	398,593	571,390
Payment against redemption of units	(203,525)	(136,729)	(204,237)	(544,491)	(72,649)	(109,501)	(213,165)	(395,315)
Reallocation among funds	-	-	-	-	(20,626)	(9,792)	30,418	-
Net cash (used in) / generated from financing activities	(8,163)	429,186	164,718	585,741	(74,152)	34,381	215,846	176,075
Net increase / (decrease) in cash and cash	1,015	273,384	531,643	806,042	(457)	(98,789)	(320,895)	(420,141)
Cash and cash equivalents at beginning of the year	2,864	130,298	37,880	171,042	3,321	229,087	358,775	591,183
Cash and cash equivalents at the end of the year	3,879	403,682	569,523	977,084	2,864	130,298	37,880	171,042

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** HBL Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager 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 pension fund on October 05, 2011.
- 1.2** The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 08, 2021, the above-mentioned Trust Deed had been registered under the Sindh Trust Act.
- 1.3** The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (VPS Rules) through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.4** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and has obtained the requisite license from the SECP to undertake Asset Management Services.
- 1.5** The Fund is an unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.
- 1.6** The objective of the Fund is to provide individuals with a portable, individualised, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.
- 1.7** The Fund consists of three sub-funds namely, HBL Pension Fund Equity Sub-Fund ("Equity Sub-Fund"), HBL Pension Fund Debt Sub-Fund ("Debt Sub-Fund") and HBL Pension Fund Money Market Sub-Fund ("Money Market Sub-Fund") (collectively the "Sub-Funds"). The investment policy for each of the sub-funds is as follows:
- The Equity Sub-Fund consists of a minimum 90% of net assets invested in listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the equity sub-fund shall be invested in any government security having less than one year time to maturity, or be deposited with scheduled commercial banks having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
  - The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the Debt Sub-Fund not exceeding five years. At least twenty five percent (25%) of the net assets in the Debt Sub-Fund shall be invested in deposit with scheduled commercial bank (excluding TDRs) or government securities not exceeding 90 days maturity. Upto twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating with stable outlook.
  - The Money Market Sub-Fund consists of short-term debt instruments with weighted average time to maturity not exceeding ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government and deposits with commercial banks having 'A+' or higher rating provided that deposit with any one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investment in securities issued by provincial government, city government, government corporate entities with 'A' or higher rating or a corporate entity with 'A+' or higher rating or a government corporation with A+ or higher rating shall be in proportion as defined in offering document.

**1.8** The Fund offers five types of allocation schemes, as prescribed by the SECP under NBFC Regulations, 2008, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility & Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The allocation to the Sub-Funds has to be done at the date of opening of contributor's pension account and on an anniversary date thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis.

**1.9** VIS Credit Rating Agency has assigned management quality rating of 'AM1 (Stable Outlook)' as at December 29, 2023 to the Pension Fund Manager while the fund is not currently rated.

**2** Title to the assets of the Fund are held in the name of CDC as the trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; part VIIIA of the repealed Companies Ordinance, 1984.
- Provisions of and directives issued under the Companies Act, 2017;
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed and
- The requirements of the constitutive documents, Voluntary Pension System Rules, 2005 (VPS Rules),

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

### **2.2 Basis of measurement**

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

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

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

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

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

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

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

For details please refer notes 4.2.1.1 and 6 to these financial statements.

**Impairment of financial assets**

For details please refer notes 4.2.2 to these financial statements.

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

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024**

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	"Effective date (annual periods beginning on or after)"
"Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies"	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Management Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

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

	"Effective date (annual periods beginning on or after)"
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 9 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
<p>IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).</p> <p>IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.</p> <p>IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.</p> <p>IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.</p>	

#### **4 MATERIAL ACCOUNTING POLICY INFORMATION**

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

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

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

## **4.2 Financial instruments**

### **4.2.1 Financial assets**

Financial assets are classified into appropriate categories at amortized cost, fair value through other comprehensive income and at fair value through profit or loss. The management determines the classification of financial assets into categories based on fund's business model for managing the financial and the contractual terms of the cash flows.

#### **4.2.1.1 Classification**

##### **4.2.1.1.1 Equity Instruments**

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

##### **4.2.1.1.2 Debt Instruments**

###### **Amortized cost**

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

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

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

###### **Fair value through profit or loss**

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

Subsequent, the financial measured at:

###### **Debt investments at amortised cost**

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

###### **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.

###### **Debt investments at FVTPL**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.



#### **Equity instruments at FVOCI**

These assets are subsequently measured at their fair values. Gain/loss on remeasurement are recognised in other comprehensive income and are never recycled to income statement. Dividends are recognised in income statement when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

#### **Equity investments at FVTPL**

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

#### **4.2.1.2 Regular way purchase and sale of financial asset**

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

#### **4.2.1.3 Derecognition**

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

#### **4.2.2 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

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

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

The Fund's financial assets include mainly bank balances, investments and other receivables.

#### **4.2.3 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of second schedule to the income Tax Ordinance, 2001. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such distributions are declared.

#### **4.6 Issuance and redemption of units**

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

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

#### **4.7 Net asset value per unit**

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

#### **4.8 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / profit / return on Government securities, bank profits and investment in debt securities are recognized using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.

#### **4.9 Transactions with related parties / connected persons**

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

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

Note	June 30, 2024				June 30, 2023					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total		
	----- Rupees in '000 -----									
5	<b>Balances with banks</b>									
	<b>Local currency</b>									
	Saving accounts	5.1	3,879	403,682	569,523	977,084	2,864	130,298	37,880	171,042
			3,879	403,682	569,523	977,084	2,864	130,298	37,880	171,042

5.1 This includes balances of Rs.2.471 million, Rs.3.97 million & Rs.5.689 million (June 30, 2023: Rs.1.14 million, Rs.17.07 million & Rs.21.61 million) of equity sub-fund, debt sub-fund and money market sub-fund respectively placed with Habib Bank Limited (a related party), during the year these accounts carried profit at the rates ranging between 17.50% to 21.51% (June 30, 2023: 13.50% to 19.51%) respectively. During the year other savings accounts of the Fund carried profit at the rates ranging between 17.5% to 22.95% (June 30, 2023: 10% to 21.85%) per annum.

Note	June 30, 2024				June 30, 2023					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total		
	----- Rupees in '000 -----									
6	<b>INVESTMENTS</b>									
	<b>At fair value through profit or loss</b>									
	<b>Listed equity securities</b>	6.1	94,743	-	-	94,743	52,645	-	52,645	
	<b>Government securities:</b>									
	Market Treasury Bills	6.2.1	-	60,274	378,914	439,188	-	13,436	331,094	344,530
	Pakistan Investment Bond	6.2.2	-	342,182	-	342,182	-	-	234,436	234,436
	- GOP Ijarah Sukuk							155,605	-	155,605
	<b>Term Finance Certificates and Sukuk Bonds</b>	6.2.3		76,475	90,000	166,475	-	74,670	93,000	167,670
			94,743	478,931	468,914	1,042,588	52,645	243,711	658,530	954,886

6.1 Fair value through profit or loss Listed securities - Equity Sub-Fund

6.1 Held by Equity Sub-Fund

Name of the investee company	As at July 1, 2023	Purchases during the year	Bonus shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealized (diminution)/appreciation as at June 30, 2024	Market value as a percentage of		Percentage of paid up capital of the investee company held
										Net assets of the sub fund	Investments of sub fund	
	----- (Number of shares) -----					----- (Rupees '000) -----			----- (%) -----			
<b>AUTOMOBILE ASSEMBLER</b>												
Honda Atlas Cars Pakistan Limited	-	77,930	-	-	69,400	8,530	2,193	2,418	225	2.49%	2.55%	0.60%
Indus Motor Company Limited	-	1,880	-	-	1,567	313	324	495	171	0.51%	0.52%	0.00%
Millat Tractors Limited	-	3,000	-	-	3,000	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motor Co. Limited	-	1,700	-	-	1,700	-	-	-	-	0.00%	0.00%	0.00%
Sagar Engineering Works Limited	-	14,600	-	-	14,040	560	204	466	262	0.48%	0.49%	0.09%
	-	99,110	-	-	89,707	9,403	2,721	3,379	658	3.48%	3.6%	0.7%
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>												
Baluchistan Wheels Limited	-	20,000	-	-	2,000	18,000	2,706	2,340	(366)	2.41%	2.47%	13.50%
Panther Tyres Limited	-	43,500	-	-	39,000	4,500	173	170	(3)	0.18%	0.18%	0.00%
	-	63,500	-	-	41,000	22,500	2,879	2,510	(369)	2.59%	2.65%	13.50%
<b>CEMENT</b>												
Cherat Cement Company Limited	18,700	51,700	-	-	70,400	-	-	-	-	0.00%	0.00%	0.00%
D. G. Khan Cement Co. Limited - (6.1.2)	-	226,293	-	-	158,000	68,293	5,086	6,165	1,079	6.34%	6.51%	1.56%
Fauji Cement Company Limited.	-	627,500	-	-	366,000	261,500	5,262	5,991	729	6.16%	6.32%	1.07%
Lucky Cement Limited	-	11,700	-	-	11,700	-	-	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Limited - (6.1.2)	133,000	587,000	-	-	600,544	119,456	4,371	4,539	168	4.67%	4.79%	1.14%
Pioneer Cement Limited	-	157,160	-	-	133,460	23,700	2,938	3,997	1,059	4.11%	4.22%	1.04%
KOHC - Kohat Cement Limited	-	5,966	-	-	5,966	-	-	-	-	-	-	0.00%
	151,700	1,667,319	-	-	1,346,070	472,949	17,657	20,692	3,035	21.28%	21.84%	4.81%
<b>CHEMICAL</b>												
Ghani Glass Mills Limited	-	29,000	-	-	29,000	-	-	-	-	0.00%	0.00%	0.00%
ICL - ITTEHAD CHEMICALS LIMITED	-	10,000	-	-	10,000	-	450	471	21	0.48%	0.50%	1.00%
	-	39,000	-	-	29,000	10,000	450	471	21	0.00%	0.00%	0.00%
<b>ENGINEERING</b>												
International Steels Limited	-	164,100	-	-	153,400	10,700	733	905	172	0.93%	0.96%	0.25%
Mughal Iron and Steel Industries Limited - (6.1.1)	22,000	47,900	-	-	57,724	12,176	770	1,132	362	1.16%	1.19%	0.36%
AGHA - AGHA STEEL INDUSTRIES LTD	-	65,005	-	-	65,005	670	651	(19)	36	0.67%	0.69%	1.07%
ASL - AISHA STEEL MILLS LIMITED	-	91,000	-	-	91,000	634	670	36	36	0.69%	0.71%	0.98%
ASTL - AMRELI STEELS LIMITED	-	4,000	-	-	4,000	-	-	-	-	0.00%	0.00%	0.00%
	22,000	372,005	-	-	215,124	178,881	2,807	3,358	551	2.09%	2.15%	0.61%

# HBL PENSION FUND

## Notes to the Financial Statements

For the year ended June 30, 2024

Name of the investee company	As at July 1, 2023	Purchases during the year	Bonus shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealized (diminution)/ appreciation as at June 30, 2024	Market value as a percentage of		Percentage of paid up capital of the investee company held
										Net assets of the sub fund	Investments of sub fund	
	(Number of shares)					(Rupees '000)				(%)		
<b>FERTILIZERS</b>												
Engro Fertilizers Limited (6.1.2)	62,600	110,644	-	-	173,244	-	-	-	-	0.00%	0.00%	0.00%
Engro Corporation Limited	4,200	49,150	-	-	53,350	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Bin Qasim Limited	-	100,000	-	-	71,500	28,500	928	1,011	83	1.04%	1.07%	0.22%
Fauji Fertilizer Company Limited	52,000	95,040	-	-	147,040	-	-	-	-	0.00%	0.00%	0.00%
	118,800	354,834	-	-	445,134	28,500	928	1,011	83	1.04%	1.07%	0.22%
<b>COMMERCIAL BANKS</b>												
Askari Bank Limited	-	76,000	-	-	76,000	-	-	-	-	0.00%	0.00%	0.00%
Bank Islami Pakistan Limited (6.1.2)	319,500	339,000	-	-	617,500	41,000	964	913	(51)	0.94%	0.96%	0.37%
Faysal Bank Limited (6.1.1)	840	100,000	-	-	100,000	840	22	44	22	0.05%	0.05%	0.01%
Habib Bank Limited (a related party)	32,500	219,700	-	-	235,500	16,700	1,923	2,071	148	2.13%	2.19%	0.00%
MCB Bank Limited	-	143,120	-	-	134,900	8,820	1,779	2,002	223	2.06%	2.11%	0.00%
Meezan Bank Limited	-	97,700	-	-	90,269	7,431	1,435	1,779	344	1.83%	1.88%	0.04%
United Bank Limited (6.1.2)	18,000	101,700	-	-	91,100	28,600	5,135	7,328	2,193	7.53%	7.73%	0.00%
Bank Al-Habib Limited	-	157,138	-	-	130,000	27,138	2,253	3,044	791	3.13%	3.21%	0.00%
Bank Alfalah Ltd	-	35,000	-	-	19,600	15,400	803	1,048	245	1.08%	1.11%	0.00%
Habib Metropolitan Bank	-	32,500	-	-	25,100	7,400	433	508	75	0.52%	0.54%	0.00%
	370,840	1,301,858	-	-	1,519,369	153,329	14,747	18,737	3,990	17.67%	18.13%	0.42%
<b>FOOD AND PERSONAL CARE PRODUCTS</b>												
Unify Foods Limited	-	84,500	-	-	84,500	-	-	-	-	0.00%	0.00%	0.00%
Murree Brewery Company Limited	-	6,500	-	-	1,000	5,500	1,926	2,662	736	2.74%	2.81%	0.02%
	-	91,000	-	-	85,500	5,500	1,926	2,662	736	2.74%	2.81%	0.02%
<b>GLASS &amp; CERAMICS</b>												
Tariq Glass Limited	-	75,532	-	-	67,532	8,000	856	932	76	0.96%	0.98%	0.46%
	-	75,532	-	-	67,532	8,000	856	932	76	0.96%	0.98%	0.46%
<b>INSURANCE</b>												
Adamjee Insurance Company Limited	-	9,500	-	-	9,500	-	-	-	-	0.00%	0.00%	0.00%
	-	9,500	-	-	9,500	-	-	-	-	0.00%	0.00%	0.00%
Name of the investee company	As at July 1, 2023	Purchases during the year	Bonus shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealized (diminution)/appreciation as at June 30, 2024	Net assets of the sub fund	Investments of sub fund	Percentage of paid up capital of the investee company held
	(Number of shares)					(Rupees '000)				(%)		
<b>LEATHER &amp; TANNERIES</b>												
Service Global Footwear Limited	-	10,000	-	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
	-	10,000	-	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>												
Oil & Gas Dev. Co. (6.1.12)	58,200	239,900	-	-	252,566	45,534	5,600	6,164	564	6.34%	6.51%	0.11%
Pak Petroleum Limited (6.1.2)	86,000	260,750	-	-	296,800	49,950	5,128	5,850	722	6.01%	6.17%	0.18%
	144,200	500,650	-	-	549,366	95,484	10,728	12,014	1,286	12.35%	12.68%	0.29%
<b>OIL &amp; GAS MARKETING COMPANIES</b>												
Pakistan State Oil Company Limited	31,219	100,600	-	-	104,619	27,200	4,397	4,521	124	4.65%	4.77%	0.58%
Sui Northern Gas Pipelines Limited (6.1.2)	51,500	451,400	-	-	406,800	96,100	5,912	6,099	187	6.27%	6.44%	1.52%
Attock Petroleum Limited	-	2,000	-	-	2,000	-	-	-	-	0.00%	0.00%	0.00%
Shell Pakistan Limited	-	26,000	-	-	26,000	-	-	-	-	0.00%	0.00%	0.00%
Sui Southern Gas Co. Limited	-	30,500	-	-	30,500	-	-	-	-	0.00%	0.00%	0.00%
MARI - Mari Gas Company Limited	-	190	-	-	190	-	-	-	-	0.00%	0.00%	0.00%
	82,719	610,690	-	-	570,109	123,300	10,309	10,620	311	10.92%	11.21%	2.10%
<b>PHARMACEUTICALS</b>												
Highnoon Laboratories Limited (6.1.1)	56	-	-	-	-	56	28	40	12	0.04%	0.04%	0.01%
Ferozsons Laboratories Limited	-	8,900	-	-	4,960	3,940	825	983	158	1.01%	1.04%	0.91%
Searle Pakistan Limited (6.1.1)	673	85,000	-	-	69,001	16,672	963	952	(11)	0.98%	1.00%	0.33%
AGP Limited	-	9,000	-	-	9,000	-	-	-	-	0.00%	0.00%	0.00%
	729	102,900	-	-	82,961	20,668	1,816	1,975	159	2.03%	2.08%	1.25%
<b>PAPER &amp; BOARD</b>												
Century Paper and Board Mills Limited	-	144,500	-	-	115,100	29,400	853	881	28	0.91%	0.93%	0.73%
	-	144,500	-	-	115,100	29,400	853	881	28	0.91%	0.93%	0.73%
<b>POWER GENERATION AND DISTRIBUTION</b>												
Nishat Chunian Power Limited	-	269,000	-	-	269,000	-	-	-	-	0.00%	0.00%	0.00%
The Hub Power Company Limited (6.1.2)	67,000	168,800	-	-	184,480	51,320	6,504	8,369	1,865	8.61%	8.83%	0.40%
K-Electric Limited	-	651,000	-	-	466,000	185,000	1,037	857	(180)	0.89%	0.90%	0.19%
Laipir Power Limited	-	38,000	-	-	38,000	-	-	-	-	0.00%	0.00%	0.00%
Nishat Power Limited	-	77,112	-	-	77,112	-	-	-	-	0.00%	0.00%	0.00%
	67,000	1,203,912	-	-	1,034,592	236,320	7,541	9,226	1,685	9.50%	9.73%	0.59%
<b>REFINERY</b>												
National Refinery Limited	-	70,600	-	-	67,390	3,210	902	852	(50)	0.88%	0.90%	0.40%
Attock Refinery Limited	-	79,970	-	-	77,510	2,460	960	865	(95)	0.89%	0.91%	0.23%
	-	150,570	-	-	144,900	5,670	1,862	1,717	(145)	1.77%	1.81%	0.63%
<b>TEXTILE COMPOSITE</b>												
Gul Ahmed Textile Mills Limited	-	30,000	-	-	30,000	-	-	-	-	0.00%	0.00%	0.00%
	-	30,000	-	-	30,000	-	-	-	-	0.00%	0.00%	0.00%
<b>TECHNOLOGY AND COMMUNICATION</b>												
Air Link Communication Limited	-	24,500	-	-	24,500	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Telecommunication Company Systems Limited	-	28,000	-	-	28,000	-	-	-	-	0.00%	0.00%	0.00%
TPL Tracker Limited	358,000	2,800	-	-	5,300	-	-	-	-	0.00%	0.00%	0.00%
TRG Pakistan Limited	-	3,500	-	-	3,500	-	-	-	-	0.00%	0.00%	0.00%
	360,500	58,800	-	-	279,300	140,000	1,928	868	(1,060)	0.90%	0.92%	0.00%
<b>MISCELLANEOUS</b>												
Pak Aluminium Beverage Cans Limited	-	19,000	-	-	19,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Hotels Developers Limited	-	1,000	-	-	1,000	-	-	-	-	0.00%	0.00%	0.00%
TPL Properties Limited	-	7,000	-	-	7,000	-	-	-	-	0.00%	0.00%	0.00%
Exide Pakistan Ltd.	-	2,300	-	-	-	2,300	963	1,355	392	1.40%	1.43%	0.00%
Al-Ghazi Tractors Ltd.	-	3,900	-	-	3,900	-	1,461	1,361	(100)	1.40%	1.44%	0.00%
Abbot Laboratories (Pakistan) Ltd.	-	1,800	-	-	471	1,329	595	974	379	1.01%	1.03%	0.00%
	-	35,000	-	-	27,471	7,529	3,019	3,690	671	0.00%	0.00%	0.00%
Total as at June 30, 2024	1,318,488	6,920,680	-	-	6,691,735	1,547,433	83,027	94,743	11,716	90.2%	96%	27.59%
Total as at June 30, 2023	2,242,920	4,940,634	141	-	5,865,207	1,318,488	53,737	52,645	(1,092)			

**6.1.1** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Honorable Sindh High Court (the 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 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.0.194 million at June 30, 2024 (2023: Rs. 0.123 million) and not yet deposited on CDC account of department of Federal Board of Revenue. The final outcome of the case is pending however, the Management Company is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

**6.1.2** As at June 30, 2024 the Fund has pledged shares with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP, of following companies

	June 30,2024	June 30,2023	June 30,2024	June 30,2023
	-----Number of Shares-----		-----Rupees in 0000-----	
The Hub Power Company Limited	20,000	-	3,260	-
Bank Islami Pakistan Limited	30,000	-	660	-
D.G Khan Cement Company Limited	50,000	-	4,500	-
Maple Leaf Cement Factory Limited	50,000	-	1,900	-
Oil & Gas Development company limited	37,500	17,500	5,063	1,365
Pakistan Petroleum Limited	40,000	50,500	4,680	2,987
Pakistan State Oil Company Limited	25,000	-	4,150	-
Sui Northern Gas Pipelines Limited	60,000	50,000	3,780	1,822
United Bank Limited	15,500	15,500	3,968	1,969
Engro Fertilizers Limited	-	21,000	-	1,733
	<u>328,000</u>	<u>154,500</u>	<u>31,961</u>	<u>9,876</u>

## 6.2 Investment in Government Securities - at fair value through profit or loss

### Held by Debt Sub-Fund

Issue date	Face value			As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage		
	As at July 1, 2023	Purchases during the	Sales / matured during the				Total investments of	Net assets of sub-fund	
			(Rupees in '000)			-%			
<b>6.2.1 Market Treasury Bills</b>									
Treasury Bill - 3 months	15-Jun-23	14,000	-	14,000	-	-	-	-	
Treasury Bill - 12 months	16-Nov-23	-	250,000	250,000	-	-	-	-	
Treasury Bill - 6 months	16-Nov-23	-	100,000	100,000	-	-	-	-	
Treasury Bill - 3 months	16-Nov-23	-	100,000	100,000	-	-	-	-	
Treasury Bill - 3 months	19-Oct-23	-	100,000	100,000	-	-	-	-	
Treasury Bill - 12 months	19-Oct-23	-	50,000	50,000	-	-	-	-	
Treasury Bill - 6 months	19-Oct-23	-	100,000	100,000	-	-	-	-	
Treasury Bill - 3 months	21-Sep-22	-	139,000	139,000	-	-	-	-	
Treasury Bill - 12 months	30-Nov-22	-	150,000	150,000	-	-	-	-	
Treasury Bill - 6 months	30-Nov-22	-	150,000	150,000	-	-	-	-	
Treasury Bill - 12 months	11-Jan-24	-	100,000	100,000	-	-	-	-	
Treasury Bill - 12 months	13-Jul-23	-	115,000	115,000	-	-	-	-	
Treasury Bill - 6 months	13-Jun-24	-	200,000	200,000	-	-	-	-	
Treasury Bill - 12 months	13-Jun-24	-	130,000	130,000	-	-	-	-	
Treasury Bill - 3 months	16-May-24	-	150,000	150,000	-	-	-	-	
Treasury Bill - 12 months	02-May-24	-	80,000	10,000	70,000	59,889	60,274	12.59%	
Treasury Bill - 3 months	30-Apr-24	-	150,000	150,000	-	-	-	-	
<b>Total as at June 30, 2024</b>		<b>14,000</b>	<b>2,064,000</b>	<b>2,008,000</b>	<b>70,000</b>	<b>59,889</b>	<b>60,274</b>	<b>12.59%</b>	<b>6.63%</b>
<b>Total As at June 30, 2023</b>		<b>-</b>	<b>1,756,100</b>	<b>1,742,100</b>	<b>14,000</b>	<b>13,455</b>	<b>13,436</b>	<b>5.51%</b>	<b>3.54%</b>

**Held by Debt Sub-Fund**

	Issue date	Face value			Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage			
		As at July 1, 2023	Purchases during the	Sales / matured during the			Total	Net assets of		
		As at June 30, 2024					investments of	sub-fund		
		(Rupees in '000)					%			
<b>6.2.2</b>	<b>Pakistan Investment Bonds</b>									
	Pakistan Investment Bonds - 2 Years	06-Apr-23	-	200,000	200,000	-	-	-		
	Pakistan Investment Bonds - 3 Years	04-Jul-23	-	225,000	225,000	-	-	-		
	Pakistan Investment Bonds - 5 Years	13-Oct-23	-	75,000	-	75,000	63,557	64,133	13.39%	7.06%
	Pakistan Investment Bonds - 3 Years	19-Oct-23	-	170,000	170,000	-	-	-	0%	
	Pakistan Investment Bonds - 5 Years	19-Oct-23	-	450,000	450,000	-	-	-	0%	
	Pakistan Investment Bonds - 3 Years	15-Feb-24	-	200,000	6,000	194,000	182,434	183,282	38.27%	20.18%
	Pakistan Investment Bonds - 5 Years	17-Jan-24	-	100,000	-	100,000	94,928	94,767	19.79%	10.43%
	<b>Total as at June 30, 2024</b>		<b>-</b>	<b>1,420,000</b>	<b>1,051,000</b>	<b>369,000</b>	<b>340,919</b>	<b>342,182</b>	<b>71.45%</b>	<b>37.67%</b>
	Total As at June 30, 2023		-	1,325,000	1,325,000	-	-	-	0.00%	0.00%
<b>6.2.3</b>	<b>GOP Ijarah Sukuk Certificates</b>									
	GOP Ijarah Sukuk 1 Year	22-May-23	155,500	-	155,500	-	-	-	-	
	GOP Ijarah Sukuk 1 Year	17-Apr-23	-	185,000	185,000	-	-	-	-	
	<b>Total as at June 30, 2024</b>		<b>155,500</b>	<b>185,000</b>	<b>340,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	Total As at June 30, 2023		-	420,000	264,500	155,500	155,500	155,605	63.85%	40.99%

**Held by Money Market Sub-Fund**

	Issue date	Face value			Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage			
		As at July 1, 2023	Purchases during the	Sales / matured during the			Total	Net assets of		
		As at June 30, 2024					investments of	sub-fund		
		(Rupees in '000)					%			
<b>6.2.1</b>	<b>Market Treasury Bills</b>									
	Treasury Bill - 6 months	27-Mar-23	-	526,000	526,000	-	-	-	-	
	Treasury Bill - 3 months	20-Apr-23	-	13,000	13,000	-	-	-	-	
	Treasury Bill - 3 months	04-May-23	-	21,000	21,000	-	-	-	-	
	Treasury Bill - 3 months	01-Jun-23	-	76,500	76,500	-	-	-	-	
	Treasury Bill - 3 months	15-Jun-23	345,000	77,000	422,000	-	-	-	-	
	Treasury Bill - 3 months	22-Jun-23	-	1,192,000	1,192,000	-	-	-	-	
	Treasury Bill - 3 months	10-Aug-23	-	66,200	66,200	-	-	-	-	
	Treasury Bill - 3 months	07-Sep-23	-	498,000	498,000	-	-	-	-	
	Treasury Bill - 3 months	21-Sep-23	-	405,500	405,500	-	-	-	-	
	Treasury Bill - 3 months	05-Oct-23	-	9,000	9,000	-	-	-	-	
	Treasury Bill - 6 months	19-Oct-23	-	160,000	160,000	-	-	-	-	
	Treasury Bill - 6 months	16-Nov-23	-	254,000	254,000	-	-	-	-	
	Treasury Bill - 6 months	30-Nov-23	-	200,000	200,000	-	-	-	-	
	Treasury Bill - 3 months	11-Jan-24	-	125,000	125,000	-	-	-	-	
	Treasury Bill - 12 months	13-Jul-23	-	562,000	562,000	-	-	-	-	
	Treasury Bill - 12 months	15-Jun-23	-	375,000	375,000	-	-	-	-	
	Treasury Bill - 6 months	02-Nov-23	-	8,500	8,500	-	-	-	-	
	Treasury Bill - 3 months	28-Dec-23	-	740,000	740,000	-	-	-	-	
	Treasury Bill - 3 months	07-Mar-24	-	390,000	390,000	-	-	-	-	
	Treasury Bill - 12 months	16-Nov-23	-	4,800	-	4,800	4,453	4,465	0.95%	0.43%
	Treasury Bill - 6 months	18-Apr-24	-	10,500	-	10,500	9,900	9,910	2.11%	0.95%
	Treasury Bill - 12 months	02-Nov-23	-	44,000	-	44,000	41,195	41,213	8.79%	3.96%
	Treasury Bill - 3 months	21-Mar-24	-	15,000	15,000	-	-	-	-	
	Treasury Bill - 12 months	26-Jun-23	-	18,000	18,000	-	-	-	-	
	Treasury Bill - 6 months	30-May-24	-	350,000	-	350,000	322,822	323,326	68.95%	31.04%
	Treasury Bill - 3 months	04-Apr-24	-	85,000	85,000	-	-	-	-	
	Treasury Bill - 3 months	07-Feb-24	-	50,000	50,000	-	-	-	-	
	<b>Total as at June 30, 2024</b>		<b>345,000</b>	<b>6,276,000</b>	<b>6,211,700</b>	<b>409,300</b>	<b>378,370</b>	<b>378,914</b>	<b>80.80%</b>	<b>36.38%</b>
	Total As at June 30, 2023		-	11,304,680	10,959,680	345,000	331,543	331,094	50.28%	47%
<b>6.2.2</b>	<b>Pakistan Investment Bonds</b>									
	Pakistan Investment Bonds - 2 Years	26-Aug-21	235,000	-	235,000	-	-	-	-	
	Pakistan Investment Bonds - 3 Years	30-Dec-21	-	540,000	540,000	-	-	-	-	
	Pakistan Investment Bonds - 10 Years	17-Jul-14	-	1,282,700	1,282,700	-	-	-	-	
	<b>Total as at June 30, 2024</b>		<b>235,000</b>	<b>1,822,700</b>	<b>2,057,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	Total As at June 30, 2023		-	684,100	449,100	235,000	234,321	234,436	35.60%	33.28%

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

#### Held by Debt Sub-Fund

Name of the Investee Company	Issue date	As at July 1, 2023	Purchases during the period	Sales / Matured during the period	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of	
		(Number of certificates)			(Rupees in '000)		Total Investments	Net Assets	%
<b>Commercial Banks</b>									
Askari Bank Limited	17-Mar-20	-	30	-	30	28,650	29,850	6.23%	3.29%
Bank Alfalah Limited	15-Jan-21	2,400	-	2,400	-	-	-	-	-
Soneri Bank Limited	26-Dec-22	200	-	-	200	19,581	19,814	4.14%	2.18%
		<b>2,600</b>	<b>30</b>	<b>2,400</b>	<b>230</b>	<b>48,231</b>	<b>49,664</b>	<b>10.37%</b>	<b>5.47%</b>
<b>Multitiilities</b>									
Lucky Electric Power Company Limited - 130623	13-Jun-23	35	-	35	-	-	-	-	-
K-Electric Limited - 090223	09-Feb-23	3	-	3	-	-	-	-	-
Lucky Electric Power Company Limited - 260324	26-Mar-24	-	25	-	25	25,000	25,000	5.22%	2.75%
		<b>38</b>	<b>25</b>	<b>38</b>	<b>25</b>	<b>25,000</b>	<b>25,000</b>	<b>5.22%</b>	<b>2.75%</b>
<b>Miscellaneous</b>									
OBS AGP Limited	15-Jul-21	20	-	20	-	-	-	0.00%	0.00%
TPL Trakker Limited	30-Mar-21	4	-	-	4	1,775	1,811	0.38%	0.20%
Jahangir Siddiqui and Company Limited	06-Mar-21	2,000	-	2,000	-	-	-	-	-
		<b>2,024</b>	<b>-</b>	<b>2,020</b>	<b>4</b>	<b>1,775</b>	<b>1,811</b>	<b>0.38%</b>	<b>0.20%</b>
<b>Total as at June 30, 2024</b>		<b>4,662</b>	<b>55</b>	<b>4,458</b>	<b>259</b>	<b>75,006</b>	<b>76,475</b>	<b>15.96%</b>	<b>8.42%</b>
Total As at June 30, 2023		4,546	298	182	4,662	74,867	74,670	30.64%	19.67%

#### Held by Money Market Sub-Fund

Name of the Investee Company	Maturity Date	As at July 1, 2023	Purchases during the period	Sales / Matured during the period	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of	
		(Number of certificates)			(Rupees in '000)		Total Investments	Net Assets	%
<b>Multitiilities</b>									
K-Electric Limited 090223	09-Feb-23	10	-	10	-	-	-	-	-
K-Electric Limited 180523	18-May-23	18	-	18	-	-	-	-	-
China Power Hub Generation Company - 280323	28-Mar-23	35	-	35	-	-	-	-	-
Lucky Electric Power Company Limited - 130623	13-Jun-23	30	-	30	-	-	-	-	-
Lucky Electric Power Company Limited - 150823	15-Aug-23	-	34	34	-	-	-	-	-
Lucky Electric Power Company Limited - 260324	26-Mar-24	-	90	-	90	90,000	90,000	19.19%	8.64%
		<b>93</b>	<b>124</b>	<b>127</b>	<b>90</b>	<b>90,000</b>	<b>90,000</b>	<b>19.19%</b>	<b>8.64%</b>
Total As at June 30, 2023		25	185	117	93	93,000	93,000	14.12%	13.21%

### 6.2.4 Letter of placement - at amortized cost

#### Held by Money Market Sub-Fund

Name of the Investee Company	Maturity Date	As at July 1, 2023	Purchases during the period	Sales / Matured during the period	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of	
		(Number of certificates)			(Rupees in '000)		Total Investments	Net Assets	%
Pak brunei investment company limited	15-Sep-23	-	60,000	60,000	-	-	-	-	-
		<b>-</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
<b>7</b>	<b>DIVIDEND AND PROFIT RECEIVABLE</b>							
Dividend receivable	67	-	-	67	7	-	-	7
Profit receivable on saving account	53	5,537	2,411	8,001	48	1,899	2,569	4,516
Profit on Term finance certificates and sukuk bonds	-	1,969	5,226	7,195	-	3,741	3,755	7,496
Markup on government securities	-	18,400	-	18,400	-	1,470	5,043	6,513
	<b>120</b>	<b>25,906</b>	<b>7,637</b>	<b>33,663</b>	<b>55</b>	<b>7,110</b>	<b>11,367</b>	<b>18,532</b>
<b>8</b>	<b>ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>							
Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
Security deposit with National Clearing Company of Pakistan Limited	2,500	-	-	2,500	2,500	-	-	2,500
Receivable against sale of investment	-	-	-	-	110	-	-	110
Advance tax	-	314	71	385	73	663	84	820
Receivable from Pension Fund Manager	53	-	45	98	29	33	45	107
Other Receivables	29	255	-	284	-	-	-	-
	<b>2,682</b>	<b>669</b>	<b>216</b>	<b>3,567</b>	<b>2,812</b>	<b>796</b>	<b>229</b>	<b>3,837</b>

**8.1** The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of second schedule to the income Tax Ordinance, 2001. Further, the Fund is exempt from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.

9 PAYABLE TO PENSION FUND MANAGER

Remuneration payable to the pension fund manager	9.1	103	778	946	1,827	69	429	803	1,301
Sindh Sales Tax payable on remuneration of the - pension fund manager	9.2	12	101	123	236	9	56	104	169
		<u>115</u>	<u>879</u>	<u>1,069</u>	<u>2063</u>	<u>78</u>	<u>485</u>	<u>907</u>	<u>1,470</u>

9.1 As per Rule 67F of the NBFC Regulations, 2008, Pension Fund Manager may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time.

Based on offering document, the fee is being charged at the rate of 1.5% of the average annual net assets accordingly. The fee is payable monthly in arrears.

9.2 The Sindh Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2023: 13%) on the remuneration of the Management Company through Sinclh Sales Tax on Services Act, 2011.

Note	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees in '000-----							

10. PAYABLE TO TRUSTEE

Remuneration payable to Trustee	10.1	13	89	108	210	10	48	88	146
Sindh Sales Tax Payable on remuneration of the Trustee	10.2	2	12	14	28	1	6	11	19
		<u>15</u>	<u>101</u>	<u>122</u>	<u>238</u>	<u>11</u>	<u>54</u>	<u>99</u>	<u>165</u>

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2024 is as follows:

**Net assets**

**Tariff per annum**

Up to Rs. 1,000 million	Rs. 0.3 million or 0.15% of NAV, whichever is higher
Exceeding Rs. 1,000 million up to Rs. 3,000 million	Rs. 1.5 million plus 0.10% of NAV exceeding Rs. 1,000 million
Exceeding Rs. 3,000 million up to Rs. 6,000 million	Rs. 3.5 million plus 0.08% of NAV exceeding Rs. 3,000 million
Exceeding Rs. 6,000 million	Rs. 5.9 million plus 0.06% of NAV exceeding Rs. 6,000 million

10.2 The Sindh Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2023: 13%) on the remuneration of the Management Company through Sinclh Sales Tax on Services Act, 2011.

	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees in '000-----							

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION- OF PAKISTAN

Annual fee payable	42	203	350	595	27	120	202	349
	<u>42</u>	<u>203</u>	<u>350</u>	<u>595</u>	<u>27</u>	<u>120</u>	<u>202</u>	<u>349</u>

11.1 This represents annual fee payable to Securities And Exchange Commission of Pakistan in accordance with the Rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% (June 30, 2023: one thirtieth of 1%) of average annual net asset value of each of the sub-fund.



	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
12. ACCRUED EXPENSES AND OTHER LIABILITIES	-----Rupees in '000-----							
Auditors' remuneration	66	108	156	330	24	104	173	301
Payable against redemption of units	217	-	2,146	2,363	51	667	1,340	2,058
Payable to National Clearing Company of Pakistan	40	-	-	40	39	-	-	39
Payable to Asset Management Company	2,500	-	-	2,500	-	-	-	-
Federal Excise Duty Payable on Remuneration of Pension Fund Manager	763	878	835	2,476	763	878	836	2,477
Withholding tax payable	-	-	-	-	10	-	-	10
Others	31	51	23	105	6	1	-	7
	<u>3,617</u>	<u>1,037</u>	<u>3,160</u>	<u>7,814</u>	<u>893</u>	<u>1,650</u>	<u>2,349</u>	<u>4,892</u>

**12.1** "As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Pension Fund Manager has been applied effective from June 13, 2013. The Pension Fund Manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the MUFAP along-with CDC with the Sindh High Court (SHC) on September 04, 2013. While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2024.

However, since the appeal is pending in Supreme Court of Pakistan, the Pension Fund Manager has made a provision of FED on remuneration of the Pension Fund Manager, aggregating toRs. 0.763,0.878,0.836 million (2023: Rs.0.763,0.878,0.836 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2024 would have been higher by Rs.4.05,0.33,0.24 per unit (2023: Re. 4.01,0.64,0.29 per unit) for equity sub-fund, debt sub-fund and money market sub-fund respectively.

### 13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024. (June 30, 2023 : Nil)

### 14. CONTRIBUTION TABLE

Contribution received during the period / year is as follows:

	June 30, 2024							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
From:	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
Individuals	409,247	195,362	1,729,808	565,915	1,368,371	368,955	3,507,426	1,130,232

	June 30, 2023							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
From:	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
Individuals	63,028	19,123	597,480	153,674	1,798,100	398,593	2,458,608	571,390

### 15. NUMBER OF UNITS IN ISSUE

	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Total units in issue at the beginning of the year	190,261	1,362,202	2,898,259	4,450,722	426,826	1,247,541	1,957,660	3,632,027
Add: Units issued during the year	409,247	1,729,808	1,368,371	3,507,426	63,028	597,480	1,798,100	2,458,608
Less: units redeemed during the year	(411,488)	(424,549)	(748,024)	(1,584,061)	(232,653)	(446,149)	(994,059)	(1,672,861)
Reallocation during the year	-	-	-	-	(66,940)	(36,670)	136,558	32,948
Total units in issue at the end of the year	<u>188,020</u>	<u>2,667,461</u>	<u>3,518,606</u>	<u>6,374,087</u>	<u>190,261</u>	<u>1,362,202</u>	<u>2,898,259</u>	<u>4,450,722</u>

	June 30, 2024				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000							
<b>16. AUDITORS' REMUNERATION</b>								
Annual audit fee	30	80	140	250	2	85	160	247
Review of condensed interim financial information	25	48	77	150	-	40	75	115
Sales tax	5	10	15	30	1	11	21	33
Out of pocket expenses	6	12	20	38	-	12	23	35
	<u>66</u>	<u>150</u>	<u>252</u>	<u>468</u>	<u>3</u>	<u>148</u>	<u>279</u>	<u>430</u>

## 17. TAXATION

The income of the fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A Part IV to Second Schedule of the Income Tax Ordinance 2001.

## 18. EARNINGS PER UNIT

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

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

Particular	June 30, 2024								
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total
	Rupees in '000								
<b>Financial assets</b>									
Balances with banks	-	3,879	3,879	-	403,682	403,682	-	569,523	569,523
Investments	94,743	-	94,743	478,931	-	478,931	468,914	-	468,914
Dividend and profit receivable	-	120	120	-	25,906	25,906	-	7,637	7,637
Receivable Against issuance of Units	-	-	-	-	1,464	1,464	-	-	-
Advance Deposits and other receivable	-	2,682	2,682	-	355	355	-	145	145
	<u>94,743</u>	<u>6,681</u>	<u>101,424</u>	<u>478,931</u>	<u>431,407</u>	<u>910,338</u>	<u>468,914</u>	<u>577,305</u>	<u>1,046,219</u>
<b>Financial liabilities</b>									
Payable to Pension Fund Manager	-	103	103	-	778	778	-	946	946
Payable to Trustee	-	13	13	-	89	89	-	108	108
Accrued expenses and other liabilities	-	3,617	3,617	-	1,037	1,037	-	3,160	3,160
	<u>-</u>	<u>3,733</u>	<u>3,733</u>	<u>-</u>	<u>1,904</u>	<u>1,904</u>	<u>-</u>	<u>4,214</u>	<u>4,214</u>

Particular	June 30, 2023								
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total
	Rupees in '000								
<b>Financial assets</b>									
Bank balances	-	2,864	2,864	-	130,298	130,298	-	37,880	37,880
Investments	52,645	-	52,645	243,711	-	243,711	658,530	-	658,530
Dividend and profit receivable	-	55	55	-	7,110	7,110	-	11,367	11,367
Advance Deposits and other receivable	-	2,739	2,739	-	133	133	-	145	145
	<u>52,645</u>	<u>5,658</u>	<u>58,303</u>	<u>243,711</u>	<u>137,541</u>	<u>381,252</u>	<u>658,530</u>	<u>49,392</u>	<u>707,922</u>
<b>Financial liabilities</b>									
Payable to Pension Fund Manager	-	69	69	-	429	429	-	803	803
Payable to Trustee	-	10	10	-	48	48	-	88	88
Accrued expenses and other liabilities	-	120	120	-	772	772	-	1,513	1,513
	<u>-</u>	<u>199</u>	<u>199</u>	<u>-</u>	<u>1,249</u>	<u>1,249</u>	<u>-</u>	<u>2,404</u>	<u>2,404</u>

## 20. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, Collective Investment Schemes and other Voluntary Pension Systems managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager, directors of connected persons and persons having 10% or more beneficial ownership or voting power of the units of the Fund or the capital of the Pension Fund Manager.

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 Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

statements are as follows:

20.1 Transactions during the period

	30-Jun-24				30-Jun-23			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Management fee including sales tax	1,362	6,727	11,647	19,736	1,265	3,034	4,227	8,526
<b>Habib Bank Limited - Sponsor</b>								
Units redeemed	-	-	-	-	122,239	-	-	122,239
Amount of units redeemed	-	-	-	-	37,955	-	-	37,955
Bank charges	60	80	82	222	27	20	24	71
Profit on bank deposits earned	17	1,623	12,792	14,432	103	2,310	3,674	6,087
Purchase of Pakistan Investment Bond	-	-	1,260,972	1,260,972	-	-	-	-
Sale of Pakistan Investment Bond	-	-	1,261,204	1,261,204	-	-	-	-
Purchase of T-Bills	-	-	619,616	619,616	-	-	-	-
Sale of T-Bills	-	203,073	863,808	1,066,881	-	-	-	-
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>								
<b>Directors and their relatives</b>								
Issuance of units	-	-	19,530	19,530	3,393	-	-	3,393
Amount of units issued	-	-	4,915	4,915	1,000	-	-	1,000
Redemption of units issued	387	603	706	1,696	-	-	-	1,107
Amount of units redeemed	656	635	117	1,408	-	-	-	245
<b>Executives and their relatives</b>								
Issuance of units	-	-	47,659	47,659	-	-	61,538	61,538
Amount of units issued	-	-	309,339	309,339	-	-	14,000	14,000
Redemption of units issued	-	-	367	367	2,098	2,226	846	5,170
Amount of units redeemed	-	-	148	148	646	614	190	1,450
----- (Rupees in '000) -----								
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Trustee's Remuneration including Sindh Sales Tax thereon	135	676	1,172	1,983	117	512	858	1,487
Central Depository System charges	18	88	152	258	-	7	7	14
<b>CDC Trustee HBL Islamic Income Fund - Under Common Management</b>								
Sale of GOP Ijarah Sukuk	-	73,391	-	73,391	-	-	-	-
<b>CDC Trustee HBL Money Market Fund - Under Common Management</b>								
Sale of T Bills	-	-	72,573	72,573	-	-	-	-
<b>CDC Trustee HBL Government Securities Fund - Under Common Management</b>								
Sale of Pakistan Investment Bond	-	157,877	-	157,877	-	-	-	-
Sale of T Bills	-	123,830	-	123,830	-	-	-	-
<b>CDC Trustee HBL Financial Sector Income Fund Plan I - Under Common Management</b>								
Sale of Pakistan Investment Bond	-	67,887	-	67,887	-	-	-	-
<b>CDC Trustee HBL Cash Fund - Under Common Management</b>								
Sale of T Bills	-	135,664	150,045	285,709	-	-	-	-

20.2 Balances outstanding as at period end

	30-Jun-24				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Management fee payable	103	778	946	1,827	69	429	803	1,301
Sindh Sales Tax payable	12	101	123	236	9	56	104	169
Other payable	2,500	-	-	2,500	-	-	-	-
<b>Habib Bank Limited - Sponsor</b>								
Bank balances	2,741	397,674	568,958	969,373	1,129	17,060	21,595	39,784
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>								
	30-Jun-24				June 30, 2023			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees in '000) -----								
<b>Directors and their relatives</b>								
Units held	18,543	50,921	38,553	108,017	18,930	51,524	19,729	90,183
Amount of units held	9,594	17,342	11,413	38,349	5,708	14,358	4,795	24,861
<b>Executives and their relatives</b>								
Units held	-	-	107,984	107,984	-	-	60,692	60,692
Amount of units held	-	-	31,966	31,966	-	-	14,752	14,752
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Remuneration payable including sales tax	15	101	122	238	11	54	99	164
Security Deposit receivable	100	100	100	300	100	100	100	300
<b>Directors of Connected Persons</b>								
Units held	1,727	1,514	138,659	141,900	1,727	1,514	138,659	141,900
Amount of units held	894	516	41,046	42,456	521	422	33,702	34,645

**21 FINANCIAL RISK MANAGEMENT**

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Board of Directors (the Board) of the Pension Fund Manager has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed based on limits established by the Pension Fund Manager, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of equity, debt and money market investments such as shares of listed companies, investment - grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

**21.1 Market risk**

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

The Pension Fund Manager manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee. The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the VPS Rules.

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

**21.1.1 Currency risk**

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

**21.1.2 Interest rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

**a) Cash flow interest rate risk**

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) by Rs. 0.038790&4.036 and 5.695 million for Equity sub-fund, Debt sub-fund and Money market sub-fund , had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

**b) Fair value interest rate risk**

The Fund investment in Treasury Bills , Corporate Sukuks /TFC bonds, Pakistan investment bonds and Listed equity securities expose it to the fair value interest rate risk.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-statement of financial position financial instruments is based on the earlier of contractual repricing or maturity date and for off-statement of financial position instruments is based on the settlement date.

Particulars	Effective yield / interest rate	June 30, 2024										Total		
		Equity Sub-Fund				Debt Sub-Fund			Money Market Sub-Fund					
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
Upto three months	More than three months and upto one year	More than one year	Upto three months	More than three months and upto one year		More than one year	Upto three months	More than three months and upto one year		More than one year				
	%	Rupees in '000												
<b>On-balance sheet financial instruments</b>														
<b>Financial assets</b>														
Bank balances	17.5%-22.95%	3,879.00	-	-	-	403,682	-	-	-	569,523	-	-	-	977,084
Investments - net		94,743.00	-	-	-	478,931	-	-	478,931	468,914	-	-	468,914	1,990,433
Dividend and profit receivable		-	-	-	120	-	-	-	25,906	-	-	-	7,637	33,663
Receivable Against issuance of Units		-	-	-	-	-	-	-	1,464	-	-	-	-	1,464
Advance Deposits and other receivable		-	-	-	2,682	-	-	-	355	216	-	-	145.00	3,398.00
<b>Sub total</b>		98,622.00	-	-	2,802	882,613	-	-	506,656	1,038,653	-	-	476,696.00	3,006,042
<b>Financial liabilities</b>														
Payable to HBL Asset Management Limited - Management Company		-	-	-	103	-	-	-	778	-	-	-	946	1,827
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	13	-	-	-	89	-	-	-	108	210
Accrued expenses and other liabilities		-	-	-	3,617	-	-	-	1,037	-	-	-	3,160	7,814
		-	-	-	3,733	-	-	-	1,904	-	-	-	4,214	9,851
<b>On-balance sheet gap (a)</b>		98,622	-	-	(931)	882,613	-	-	504,752	1,038,653	-	-	472,482	2,996,191
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-

Particulars	Effective yield / interest rate	June 30, 2023										Total		
		Equity Sub-Fund				Debt Sub-Fund			Money Market Sub-Fund					
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
Upto three months	More than three months and upto one year	More than one year	Upto three months	More than three months and upto one year		More than one year	Upto three months	More than three months and upto one year		More than one year				
	%	Rupees in '000												
<b>On-balance sheet financial instruments</b>														
<b>Financial assets</b>														
Bank balances	18%-20%	2,864	-	-	-	130,298	-	-	-	37,880	-	-	-	171,042
Investments - net		-	-	-	52,645	-	-	-	243,711	-	-	-	658,530	954,886
Dividend and profit receivable		55	-	-	-	7,110	-	-	-	11,367	-	-	-	18,532
Advance and deposits		2,739	-	-	-	133	-	-	-	145	-	-	-	3,017
		5,658	-	-	52,645	137,541	-	-	243,711	49,392	-	-	658,530	1,147,477
<b>Financial liabilities</b>														
Payable to HBL Management Limited - Management Company		-	-	-	69	-	-	-	429	-	-	-	803	1,301
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	10	-	-	-	48	-	-	-	88	146
Payable against purchase of securities		-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	120	-	-	-	772	-	-	-	1,513	2,405
		-	-	-	199	-	-	-	1,249	-	-	-	2,404	3,852
<b>On-balance sheet gap (a)</b>		5,658	-	-	52,446	137,541	-	-	242,462	49,392	-	-	656,126	1,143,625
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-

### 21.1.3 Price Risk

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

### 21.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in corporate Sukuk/TFC bonds, and bank deposit. Risks attributable to investments in Market Treasury Bills, Pakistan Investment Bonds are limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating. The risk of default is considered minimal due to interest systematic measures taken therein.

21.2.1 The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2024.

-----2024-----					
Banks	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Latest available published rating as at June 30, 2024	Rating agency
-----Rupees in '000-----					
HABIB BANK LIMITED	2,741	397,674	568,958	A-1+	VIS
FAYSAL BANK LIMITED	39	21	19	A-1+	PACRA
DUBAI ISLAMIC BANK	-	340	16	A-1+	VIS
ZARAI TARAQIATI BANK LIMITED	-	3	12	A-1+	VIS
ALLIED BANK LIMITED	-	17	18	A-1+	PACRA
FIRST MICRO FINANCE	-	203	-	A-1	VIS
SONERI BANK LIMITED	1,047	1,278	-	A-1+	PACRA
BANK ALFALAH	45	4,118	444	A-1+	PACRA
NATIONAL BANK OF PAKISTAN	-	10	-	A-1+	PACRA
KHUSHALI MICROFINANCE BANK LIMITED	-	18	-	A-2	VIS
ASKARI BANK LIMITED	-	-	14	A-1+	PACRA
BANK AL HABIB LIMITED	-	-	41	A-1+	PACRA
SINDH BANK	-	-	1	A-1+	VIS
JS BANK	7	-	-	A-1+	PACRA
	3,879	403,682	569,523		

-----2023-----					
Banks	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Latest available published rating as at June 30, 2023	Rating agency
-----Rupees in '000-----					
Habib Bank Limited	1,129	17,060	21,595	A-1+	JCR-VIS
Bank Alfalah Limited	42	2,171	16,165	A-1+	PACRA
Bank AlHabib Limited	-	-	40	A-1+	PACRA
National Bank of Pakistan	-	10	-	A-1+	PACRA
Allied Bank Limited	-	22	18	A-1+	PACRA
MCB Bank Limited	-	-	12	A-1+	PACRA
Askari Bank Limited	-	-	14	A-1+	PACRA
Soneri Bank Limited	1,649	21,688	-	A-1+	PACRA
Dubai Islamic Bank Pakistan Limited	-	82	16	A-1+	JCR-VIS
JS Bank Limited	5	-	-	A-1+	PACRA
Faysal Bank Limited	39	21	19	A-1+	PACRA
Sindh Bank Limited	-	-	1	A-1	JCR-VIS
Khushali Micro Finance Bank Limited	-	18	-	A-2	JCR-VIS
HBL Micro Finance Bank Limited	-	89,226	-	A-1	PACRA
	2,864	130,298	37,880		

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

<b>Rating by rating category</b>	<b>2024</b>	<b>2023</b>
A-1+	99.98%	47%
A-1	0.02%	52%
A-2	-	1.1%

There is no exposure other than bank balance as disclosed above as at June 30, 2024.

#### **Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

#### **21.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. The Pension Fund Manager's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

#### **Management of liquidity risk**

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings. The facility would bear interest at commercial rates.

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

The following table analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	June 30, 2024								
	EquitySub-Fund			DebtSub-Fund			Money Market Sub-Fund		
	Upto three months	More than three months and upto one year	Over one year	Upto three months	More than three months and upto one year	Over one year	Upto three months	More than three months and upto one year	Over one year
	----- Rupees in '000 -----								
<b>Financial liabilities</b>									
Payable to the Management Company	103	-	-	778	-	-	946	-	-
Payable to the Trustee (CDC)	13	-	-	89	-	-	108	-	-
Accrued expenses and other liabilities	3,617	-	-	1,037	-	-	3,160	-	-
<b>Total Liabilities</b>	<b>3,733</b>	<b>-</b>	<b>-</b>	<b>1,904</b>	<b>-</b>	<b>-</b>	<b>4,214</b>	<b>-</b>	<b>-</b>

Particulars	June 30, 2023								
	EquitySub-Fund			DebtSub-Fund			Money Market Sub-Fund		
	Upto three months	More than three months and upto one year	Over one year	Upto three months	More than three months and upto one year	Over one year	Upto three months	More than three months and upto one year	Over one year
	----- Rupees in '000 -----								
<b>Financial liabilities</b>									
Payable to the Management Company	69	-	-	429	-	-	803	-	-
Payable to the Trustee (CDC)	10	-	-	48	-	-	88	-	-
Accrued expenses and other liabilities	120	-	-	772	-	-	1,513	-	-
<b>Total Liabilities</b>	<b>199</b>	<b>-</b>	<b>-</b>	<b>1,249</b>	<b>-</b>	<b>-</b>	<b>2,404</b>	<b>-</b>	<b>-</b>

## 22 PARTICIPANTS' FUND RISK MANAGEMENT

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

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

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

## 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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



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

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

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

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

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

	June 30, 2024			Total
	Level 1	Level 2	Level 3	
Investments at fair value through profit or loss	Fair value (Rupees in '000)			
Equity Sub-Fund				
Listed equity securities	94,743	-	-	94,743
Debt Sub-Fund				
Investment in debt securities	-	478,931	-	478,931
Money Market Sub-Fund				
Investment in debt securities	-	468,914	-	468,914
	<u>94,743</u>	<u>947,845</u>	<u>-</u>	<u>1,042,588</u>
	June 30, 2023			
	Fair value			
Investments at fair value through profit or loss	(Rupees in '000)			
Equity Sub-Fund				
Listed equity securities	52,645	-	-	52,645
Debt Sub-Fund				
Government Security-T Bills	-	243,711	-	243,711
Money Market Sub-Fund				
Government Security-T Bills	-	658,530	-	658,530
	<u>52,645</u>	<u>902,241</u>	<u>-</u>	<u>954,886</u>

### 23.1 VALUATION TECHNIQUES

For level 1 investments at fair value through profit or loss in units of mutual funds, Fund uses market rate which are taken from Pakistan stock exchange and For level 2 investments at fair value through profit or loss in units of mutual funds, Fund uses PKRV and PKFRV rates which are taken from MUFAP, for the purpose of computation of Market value at the reporting date.

**23.2 TRANSFERS DURING THE YEAR**

No transfers were made between various levels of fair value hierarchy during the year.

**24. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 2024 are as follows:

S. no.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	25.2
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	28.9
3	Rahat Saeed Khan	Head of Fixed Income	MBA	26.7
4	Imad Ansari	Head of Risk	MBA	17.2
5	Ahsan Ali	Head of Research	CFA	8.3
6	Raza Abbas	Senior Fund Manager	M.Com	21

**25. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS**

Six meetings of the Board of Directors were held on August 25,2023 , October 20, 2023, October 27,2023, January 25,2024 ,February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Particular	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	

**Name of Director**

1	Mr. Shahid Ghaffar	6	6	-	-
2	Ms. Ava A. Cowasjee	6	6	-	-
3	Mr. Rayomond H. Kotwal	6	5	1	October 27,2023.
4	Mr. Abrar Ahmed Mir	6	6	-	-
5	Mr. Tariq Masaud	6	6	-	-
6	Mr. Abid Sattar	6	6	-	-
7	Mr. Khalid Malik	6	6	-	-

**26. TOTAL EXPENSE RATIO**

In accordance with the S.R.O 1068 (I) / 2021 dated August 23, 2021 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the equity sub fund, debt sub fund and money market sub fund for the year ended June 30, 2024 is 1.56%, 1.58% and 3.54% (June 30, 2023: 1.82%, 0.74% and 0.69%) respectively which includes 0.21%,0.21% and 0.38% (June 30, 2023: 0.11%, 0.05% and 0.05%) respectively representing Government levy and SECP fee.

**27. CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**28. GENERAL**

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

**29. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

---

**Chief Financial Officer**

---

**Chief Executive Officer**

---

**Director**

**HBL**

**KPK Islamic Pension Fund**

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL</b> KPK Islamic Pension Fund
<b>NAME OF AUDITOR</b>	BDO Ebrahim & Co.
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan
<b>NAME OF SHARIAH ADVISOR</b>	Al-Hilal Shariah Advisor
<b>NAME OF BANKERS</b>	Bank Al Habib Limited Bank Islamic Bank Limited

**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 PARTICIPANTS**

**HBL KPK ISLAMIC PENSION FUND**

**Report of the Trustee pursuant to Regulation 67D of the Non-Banking Finance Companies  
and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL KPK Islamic Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Pension Fund Manager has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Further, in our opinion, the management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework.

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

Karachi, September 27, 2024



**STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES**

HBL KPK Islamic Pension Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

HBL Asset Management Limited  
Head Office  
7th Floor  
Emerald Tower  
G-19 Block-5,  
Main Clifton Road,  
Clifton, Karachi

UAN (021) 111-425-262  
Fax (021) 35168455  
www.hblasasset.com

September 25, 2024



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

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

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

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

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL KPK Islamic Pension Fund -Money Market Sub Fund** managed by **HBL Asset Management Limited** are Permissible and in accordance with Shariah principles.

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

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

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



Mufti Irshad Ahmad Aijaz  
Member Shariah Council




Faraz Younus Bandukda, CFA  
Chief Executive





**FINANCIAL STATEMENTS  
OF  
HBL KPK ISLAMIC PENSION FUND  
FOR THE PERIOD ENDED JUNE 30, 2024  
MANAGED BY HBL ASSET MANAGEMENT LIMIED**

**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.



Tel: +92 21 3568 3030  
Fax: +92 21 3568 4239  
www.bdo.com.pk

2nd Floor, Block-C  
Lakson Square, Building No.1  
Sarwar Shaheed Road  
Karachi-74200  
Pakistan

## INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS OF HBL KPK ISLAMIC PENSION FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL KPK Islamic Pension Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in participants' sub funds for the period then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, and its financial performance and its cash flows for the period then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

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

The Management Company ("HBL Asset Management Limited") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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



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

The Board of Directors of the Management company is responsible for overseeing the Fund's financial reporting process.

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

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

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

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

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



**Report on other legal and regulatory requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 27 SEP 2024

UDIN: AR202410166T5H4QShCx

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS



Tel: +92 21 3568 3030  
Fax: +92 21 3568 4239  
www.bdo.com.pk

2nd Floor, Block-C  
Lakson Square, Building No.1  
Sarwar Shaheed Road  
Karachi-74200  
Pakistan

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

### Scope of our Work

We have performed an independent assurance engagement of HBL KPK Islamic Pension Fund (the Fund), to express an opinion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the period ended June 30, 2024. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

### Applicable Criteria

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

### Management Company's responsibility

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

### Our Independence and Quality Control

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firms apply International Standard on Quality Management (ISQM) 1 "Quality Management for Firms That Perform Audits and Reviews of Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Responsibility of independent assurance providers

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

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

Page - 1

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.



The procedures performed included:

- Checking compliance of specified guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund; and
- Checking that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the period ended June 30, 2024 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

**Conclusion**

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for the period ended June 30, 2024.

KARACHI

DATED: SEPTEMBER 27, 2024

  
BDO EBRAHIM & CO  
CHARTERED ACCOUNTANTS

**HBL KPK ISLAMIC PENSION FUND**  
**Statement of Assets and Liabilities**  
*As at June 30, 2024*

June 30, 2024

	Equity Index Fund	Sub-Equity Fund	Sub-Debt Fund	Sub-Money Market Fund	Total
----- Rupees -----					
<b>ASSETS</b>					
Balances with bank	546,448	546,448	546,382	6,722,583	8,361,861
Investments	-	-	-	29,781,138	29,781,138
Profit / Mark-up and other receivable	8,408	8,408	8,408	595,192	620,416
Preliminary expenses and floatation costs	-	-	-	392,416	392,416
Deposits	-	-	-	100,000	100,000
<b>TOTAL ASSETS</b>	<b>554,856</b>	<b>554,856</b>	<b>554,790</b>	<b>37,591,329</b>	<b>39,255,831</b>
<b>LIABILITIES</b>					
Payable to Pension Fund Manager	-	-	-	460,000	460,000
Payable to Trustee	-	-	-	8,073	8,073
Annual fee payable to the Securities and Exchange Commission of Pakistan	-	-	-	7,402	7,402
Accrued expenses and other liabilities	54,856	54,856	54,790	56,182	220,684
<b>TOTAL LIABILITIES</b>	<b>54,856</b>	<b>54,856</b>	<b>54,790</b>	<b>531,657</b>	<b>696,159</b>
<b>NET ASSETS</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>37,059,672</b>	<b>38,559,672</b>
<b>PARTICIPANTS' SUB FUNDS (AS PER STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS)</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>37,059,672</b>	<b>38,559,672</b>
<b>CONTINGENCIES AND COMMITMENTS</b>					
----- Number of units -----					
Number of units in issue	5,000	5,000	5,000	335,921	
----- Rupees -----					
Net assets value per unit	100.0000	100.0000	100.0000	110.3225	

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

**For HBL Asset Management Limited**  
**(Pension Fund Manager)**

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

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

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

# HBL KPK ISLAMIC PENSION FUND

## Income Statement

For the year ended June 30, 2024

June 30, 2024

	Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- Rupees -----					
<b>Income</b>					
Income from investments	-	-	-	1,134,617	1,134,617
Mark-up on bank deposits	54,856	54,856	54,790	2,203,413	2,367,915
	54,856	54,856	54,790	3,338,030	3,502,532
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - ne 6.2	-	-	-	160,829	160,829
	54,856	54,856	54,790	3,498,859	3,663,361
<b>Expenses</b>					
Remuneration to HBL Asset Management Limited - Pension Fund Manager	-	-	-	-	-
Sindh Sales Tax on remuneration to HBL Asset Management Limited- Pension Fund	-	-	-	-	-
Remuneration to Central Depository Company of Pakistan Limited- Trustee	-	-	-	25,923	25,923
Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited - Trustee	-	-	-	3,370	3,370
Annual fee to the Securities and Exchange Commission of Pakistan	-	-	-	7,402	7,402
Amortisation of preliminary expenses and floatation costs	-	-	-	57,584	57,584
Auditors' remuneration	16	-	-	35,925	35,925
Other expenses	54,856	54,856	54,790	5,057	169,559
<b>Total expenses</b>	54,856	54,856	54,790	135,261	299,763
<b>Net income for the period before taxation</b>	-	-	-	3,363,598	3,363,598
Taxation	18	-	-	-	-
Net income for the period	-	-	-	3,363,598	3,363,598
<b>Earnings per unit</b>	19				

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director



**HBL KPK ISLAMIC PENSION FUND**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2024*

June 30, 2024

	Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- Rupees -----				
Net income for the period	-	-	-	3,363,598	3,363,598
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,363,598	3,363,598

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

**For HBL Asset Management Limited**  
**(Pension Fund Manager)**

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

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

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

**HBL KPK ISLAMIC PENSION FUND**  
**Statement of Movement in Participants' Funds**  
*For the year ended June 30, 2024*

June 30, 2024

	Equity Index Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----					
Net assets at the beginning of period	-	-	-	-	-
Amount received on issue of units	500,000	500,000	500,000	33,696,074	35,196,074
Net income for the period	-	-	-	3,363,598	3,363,598
Net assets at the end of period	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>37,059,672</u>	<u>38,559,672</u>

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

**For HBL Asset Management Limited**  
**(Pension Fund Manager)**

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

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

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

# HBL KPK ISLAMIC PENSION FUND

## Cash Flow Statement

For the year ended June 30, 2024

June 30, 2024

	Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- Rupees -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income for the period before taxation	-	-	-	3,363,598	3,363,598
Adjustments for:					
Income from Government securities	-	-	-	(1,134,617)	(1,134,617)
Mark-up on bank deposits	(54,856)	(54,856)	(54,790)	(2,203,413)	(2,367,915)
Amortisation of preliminary expenses and floatation costs	-	-	-	57,584	57,584
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'fair value through profit or loss' - net	-	-	-	(160,829)	(160,829)
	(54,856)	(54,856)	(54,790)	(77,677)	(242,179)
<b>(Increase) in assets</b>					
Investments - net	-	-	-	(29,620,309)	(29,620,309)
Profit / Mark-up and other receivable	(8,408)	(8,408)	(8,408)	(130,680)	(155,904)
Preliminary expenses and floatation costs	-	-	-	(450,000)	(450,000)
Deposits	-	-	-	(100,000)	(100,000)
	(8,408)	(8,408)	(8,408)	(30,300,989)	(30,326,213)
<b>Increase in liabilities</b>					
Payable to the Management Company	-	-	-	460,000	460,000
Payable to the Trustee	-	-	-	8,073	8,073
Payable to Securities and Exchange Commission of Pakistan	-	-	-	7,402	7,402
Accrued expenses and other liabilities	54,856	54,856	54,790	56,182	220,684
	54,856	54,856	54,790	531,657	696,159
Cash used in operations	(8,408)	(8,408)	(8,408)	(29,847,009)	(29,872,233)
Income received from Government securities	-	-	-	859,260	859,260
Mark-up received on bank deposits	54,856	54,856	54,790	2,014,257	2,178,759
Net cashflows generated from / (used in) operating activities	46,448	46,448	46,382	(26,973,492)	(26,834,214)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts from issue of units	500,000	500,000	500,000	33,696,074	35,196,074
Payment against redemption of units	-	-	-	-	-
Dividend paid	-	-	-	-	-
Net cash generated from financing activities	500,000	500,000	500,000	33,696,074	35,196,074
Net increase in cash and cash equivalents during the period	546,448	546,448	546,382	6,722,582	8,361,860
Cash and cash equivalents at the beginning of the period	-	-	-	-	-
Cash and cash equivalents at the end of the period	546,448	546,448	546,382	6,722,582	8,361,860

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 HBL KPK Islamic Pension Fund is established under a Trust deed executed between HBL Asset Management Limited as a Pension Fund Manager and Central Depository Company of Pakistan Limited as Trustee. The Central Depository Company of Pakistan Limited was appointed as a trustee for the Fund by SECP on June 22, 2023. The Trust Deed is approved by the Securities and Exchange Commission of Pakistan (SECP) on September 12, 2023 under the Voluntary Pension System (VPS) Rules, 2005. The Fund is registered under the Sindh Trust Act, 2020, as amended vide Sindh Trusts (Amendment) Act, 2021 and was launched on December 14, 2023.

1.2 The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (The VPS Rules) through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Karachi, Pakistan.

1.3 The Fund is an unlisted pension scheme and units are offered on a continuous basis to employees of KPK Government appointed / recruited under Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022 or an employee of KPK Government regularize as Civil Servant through any legal instrument issued after coming in to force of the Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022 irrespective of the effective date of regularization. The units are non-transferable except in the circumstances mentioned in VPS Rules and KPK Act 2022 and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.

1.4 The Fund consists of four sub-funds namely; Equity Index Sub Fund, Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund (collectively the "Sub-Funds"). Under the KPK Civil Servants Act 2022, the contribution by or on behalf of the employee for the first three years from the date of launch of the fund shall be invested 100% in Money Market Sub Fund only and the remaining sub-funds shall remain in operative till then. Moreover, in the remaining three sub funds (Equity Index Sub Fund, Equity Sub Fund and Debt Sub Fund) only seed capital be injected by the Pension Fund Manager which would remain invested till three years from the launch date of the Fund. Following the initial three years of appointment/recruitment under Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022, KPK employees are eligible to change their allocation as per the life cycle allocation scheme. In cases where an employee fails to specify their asset allocation preferences, the pension fund manager, taking into consideration the employee's profile and age, will allocate the contribution to the default Asset Allocation Scheme outlined in the offering document and the KPK Rules, 2022.

1.5 Except for the departure from investment policy provided in the offering document, where the Pension Fund Manager shall place the seed capital amount of all sub-funds other than Money market Sub-Fund in a separate bank account in a commercial bank having at least such rating as prescribed thereunder for first three years from the date of launch of the Pension Fund, the investment shall be made as per the investment policy mentioned in the offering document. The investment policy for each of the sub-funds is as follows:

- The investment Objective of the Equity Index Sub-Fund is to provide investors an opportunity to track closely the performance of the KMI-30 by investing in companies of the Index in proportion to their weightages. The Index Sub-fund shall strive to remain fully invested in accordance with the stated index, however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index or its subset during the year based on monthly average investment calculated on a daily basis. The un invested amount shall be kept in cash and/or near cash instruments where near cash instruments include cash in bank account (excluding TDRs), and Government securities not exceeding 90 days maturity. Composition of the remaining portion of the investments shall be as defined in the offering document;

- The investment objective of the Equity Sub Fund of the Pension Fund is to earn returns from investments in Pakistani Capital Markets. Assets of Equity Sub Fund shall be invested in Shariah compliant equity securities which are listed on Pakistan Stock Exchange (PSX) or in units of Shariah compliant Real Estate Investment Trusts and Exchange Traded Funds provided that entity/sector/group exposure limits as prescribed are complied with at least ninety percent (90%) of Net Assets of Equity Sub Fund shall remain invested in listed equity securities during the year based on rolling average investment of last ninety (90) days calculated on daily basis. Investment in a single company is restricted to lower of 15% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 35% of NAV or index weight, subject to a maximum of 40% of NAV. Composition of the remaining portion of the investments shall be as defined in the offering document;
- The investment objective of the Debt Sub Fund is to earn returns from investments in Shariah compliant debt markets of Pakistan, thus incurring a relatively lower risk than equity sub fund. The Debt Sub-Fund consists of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the net assets in the sub-fund shall be invested in debt securities issued by the Federal Government not exceeding 90 days' maturity. Exposure to any single entity or debt securities of a single entity shall not exceed 15% of NAV whereas, investment in a single stock exchange sector is restricted to 25% of NAV. Composition of the remaining portion of the investments shall be as defined in the offering document;
- The investment objective of the Money Market Sub Fund is to earn returns from investments in Money Markets of Pakistan, thus incurring a relatively lower risk than debt sub fund. The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding 90 days. Time to maturity of any assets in the portfolio shall not exceed six months. Exposure to any single entity or securities of a single entity, with the exception of those issued by the Federal Government, shall not exceed 15% of NAV whereas, investment in a single stock exchange sector is restricted to 25% of NAV. However, at all times, atleast 10% of the NAV of the Sub-Fund shall be invested scheduled commercial banks having prescribed ratings or government securities having upto 90 days maturity. Composition of the remaining portion of the investments shall be as defined in the offering document.

**1.6** VIS Credit Rating Agency has assigned management quality rating of 'AM1 (VIS)' on December 29, 2023 to the Pension Fund Manager.

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.
- The requirements of the constitutive documents, Voluntary Pension System Rules, 2005 (VPS Rules),

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

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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

**2.4 Use of judgments and estimates**

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

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

Classification and valuation of investments

For details please refer notes 4.2.1.1 and 6 to these financial statements.

Impairment of investment

For details please refer notes 4.2.1.2 to these financial statements.

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

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024**

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Fund's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	<b>"Effective date (annual periods beginning on or after)"</b>
"Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies"	January 01, 2023
	<b>"Effective date (annual periods beginning on or after)"</b>
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Management Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

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

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
---	------------------

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
--	------------------

**"Effective date (annual periods beginning on or after)"**

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
---	------------------

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
--	------------------

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

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
---	------------------

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
---	------------------

Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
---	------------------

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
---	------------------

IFRS 17 Insurance Contracts	January 01, 2026
-----------------------------	------------------

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP

#### **4 MATERIAL ACCOUNTING POLICIES INFORMATION**

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

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

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

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

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

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

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

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

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

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

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

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

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



**Financial assets at FVTPL**

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

**Financial assets at amortised cost**

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

**4.2.1.2 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

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

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

The Fund's financial assets include mainly investment and bank balances.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

**4.2.1.3 Regular way purchase/sale of financial assets**

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

**4.2.1.4 Derecognition**

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

**4.2.2 Financial liabilities**

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

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

**4.2.3 Offsetting of financial assets and liabilities**

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

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

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

#### **4.7 Element of income**

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

#### **4.8 Net asset value per unit**

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

#### **4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Income on sukuk certificates, term deposit receipts and government securities is recognized on an accrual basis except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

**4.10 Expenses**

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

**4.11 Distribution to the unit holders**

No distribution of Income or dividend shall be allowed from any of the sub-funds. Any income earned shall be accumulated and retained in the respective sub-funds.

**4.12 Earnings / (loss) per unit**

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

**4.13 Transactions with related parties / connected persons**

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

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

		June 30, 2024				
		Equity Index Sub-Fund	Equity Sub Fund	Debt Sub- Fund	Money Market Sub- Fund	Total
		----- Rupees -----				
<b>5</b>	<b>Balances with bank</b>					
	<b>Local Currency</b>					
	In saving accounts	5.1	546,448	546,448	546,382	6,722,583
			8,361,861			
<b>5.1</b>	These carries mark-up at the rates ranging between 15% to 18% per anum.					
<b>6</b>	<b>INVESTMENTS</b>					
	Financial assets classified at fair value through profit or loss	6.1	-	-	-	29,781,138
			29,781,138			29,781,138
<b>6.1</b>	<b>Financial assets at fair value through profit or loss</b>					
	Corporate Sukuk Bonds	6.1.1	-	-	-	5,000,000
	GOP ijara sukuks	6.1.2	-	-	-	24,781,138
			-	-	-	29,781,138
			29,781,138			29,781,138

**6.1.1** Financial assets at fair value through profit or loss - Market Treasury Bills

Name of Investee Funds	Total units as at July 1, 2023	Purchases made during the year	Sales made during the year	Total units as at June 30, 2024	Total carrying value as at June 30, 2024	Total market value as at June 30, 2024	Unrealised appreciation / (diminution) on re-measurement of investment	Market value as a percentage of net assets	Market value as a percentage of total value of investment
	----- Number of units -----				----- Rupees -----				
Money Market Sub-Fund									
LECPL STS 17	-	5	-	5	5,000,000	5,000,000	-	13%	13%
Total as at June 30, 2024	-	5	-	5	5,000,000	5,000,000	-	13%	13%
Total as at June 30, 2023	-	-	-	-	-	-	-	-	-

**6.1.1.1** These corporate sukuk bonds has a coupon rate of 21.85% per annum.

**6.1.2** Financial assets at fair value through profit or loss - GOP Ijara Sukuk

Issue date	Tenure	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation on re-measurement of investments	Market value as a percentage of net assets	Market value as a percentage of total value of investment
		As at July 1, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024					
Money Market Sub Fund										
26-Apr-24	12 months	-	28,500,000	-	28,500,000	24,620,309	24,781,138	160,829	67%	83%
Total - as at June 30, 2024		-	28,500,000	-	28,500,000	24,620,309	24,781,138	160,829		

**6.2** Net unrealised appreciation on re-measurement of investments classified as Financial Assets 'Fair Value through profit or loss'

	June 30, 2024				
	Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- Rupees -----				
Market value of investments	-	-	-	29,781,138	29,781,138
Less: Carrying value of investments	-	-	-	29,620,309	29,620,309
	-	-	-	160,829	160,829

**7 PROFIT / MARK UP AND OTHER RECEIVABLE**

	June 30, 2024				
	Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- Rupees -----				
Bank Al Habib Limited	-	-	-	189,156	189,156
Bank Islami Pakistan Limited	8,408	8,408	8,408	-	25,224
fixed income securities	-	-	-	275,356	275,356
Advance tax	-	-	-	130,680	130,680
	8,408	8,408	8,408	595,192	620,416

**8 PRELIMINARY EXPENSES AND FLOATATION COSTS**

	June 30, 2024				
	Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- Rupees -----				
Cost charged	8.1	-	-	450,000	450,000
Less: Amortised during the period		-	-	(57,584)	(57,584)
Closing balance		-	-	392,416	392,416

- 8.1 Under Regulation 60(2) and 60(3)(i) of the NBFC Regulations, 2008, formation costs incurred in connection with the establishment and registration of the Fund borne by the Pension Fund Manager and reimbursable shall be chargeable to the Fund, not exceeding 1.5 % of the Seed Capital of each Sub-Fund shall amortized over a period of five years.

## 9 DEPOSITS

June 30, 2024				
Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees -----				
CDC Security Deposit	-	-	100,000	100,000
	-	-	100,000	100,000

## 10 PAYABLE TO PENSION FUND MANAGER

June 30, 2024					
Note	Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees -----					
Remuneration payable to the Management Company	-	-	-	-	-
Sindh Sales Tax payable on Management Company's remuneration	-	-	-	-	-
Formation cost payable to AMC	-	-	-	460,000	460,000
	-	-	-	460,000	460,000

- 10.1 The Pension Fund Manager is allowed to charge fees as remuneration for the management of fund within the limits of the Total Expense Ratio (TER) prescribed in the Trust Deed. However, no such fees was charged by the Pension Fund Manager during the period.

- 10.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% on the remuneration to the Pension Fund Manager through Sindh Sales Tax Act, 2011.

- 10.3 Formation costs as agreed with the employer, not exceeding 1.5 % of the Seed Capital of each Sub-Fund, including expenditure incurred in connection with the establishment and authorization of the Pension Fund, shall be borne by the Pension Fund, paid to the Pension Fund Manager within the first three months of complete receipt of proceeds against Seed Capital Units subscribed by the Seed Investors.

## 11 PAYABLE TO TRUSTEE

June 30, 2024					
Note	Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees -----					
Trustee fee payable	-	-	-	7,144	7,144
Sindh Sales Tax payable on remuneration of the Trustee	-	-	-	929	929
	-	-	-	8,073	8,073

- 11.1 As per regulation 60 (3)(b) together with 67G (3) of the NBFC Regulations, 2008, the Pension Fund Manager shall charge remuneration of the Trustee related to the Fund within the limits of Total Expense Ratio as prescribed under the said regulations. During the period such fees is charged as follows:

**Net Assets**

Upto Rs.1 billion  
Rs.1 billion to Rs.3 billion  
Rs.3 billion to Rs.6 billion  
Over Rs.6 billion

**Tariff per annum**

0.15% p.a. of Net Assets  
Rs.1.5 million plus 0.10% p.a. of Net Assets exceeding Rs.1 billion  
Rs.3.5 million plus 0.08% p.a. of Net Assets exceeding Rs.3 billion  
Rs.5.9 million plus 0.06% p.a. of Net Assets exceeding Rs.6 billion

**11.2** Sales tax at the rate of 13% on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

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

June 30, 2024

Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----------------------	-----------------	---------------	-----------------------	-------

Rupees

Annual fee payable	12.1	-	-	7,402	-
--------------------	------	---	---	-------	---

**12.1** As per Clause 36 of the VPS Rules, 2005 the Pension Fund Manager shall pay an annual fee to the Commission an amount equal to one twenty-fifth of one per cent of the average annual net asset value of the pension fund. The fees is chargeable to the fund under Regulation 60 (3)(f) and 67G (3) of the NBFC Regulations and is payable in arrears. During the period the Pension Fund Manager has charged the fees accordingly for the period from the launch of the Fund's operations on December 14, 2023 to June 30,2024 period-end.

**13 ACCRUED EXPENSES AND OTHER LIABILITIES**

June 30, 2024

Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----------------------	-----------------	---------------	-----------------------	-------

Rupees

Withholding income tax payable	-	-	-	19,156	19,156
Auditors' remuneration	-	-	-	35,925	35,925
Others	54,856	54,856	54,790	1,101	165,603
	54,856	54,856	54,790	56,183	220,685

**14 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2024.

**15 CONTRIBUTION TABLE**

Contribution (net of front end fee) received during the period.

		June 30, 2024									
		Equity Index Sub-Fund		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
		(Units)	(Rupees)	(Units)	(Rupees)	(Units)	(Rupees)	(Units)	(Rupees)	(Units)	(Rupees)
From:											
Individuals		-	-	-	-	-	-	35,921	3,696,074	35,921	3,696,074
HBL Asset Management Limited -											
Seed Investor		5,000	500,000	5,000	500,000	5,000	500,000	300,000	30,000,000	315,000	31,500,000
		5,000	500,000	5,000	500,000	5,000	500,000	335,921	33,696,074	350,921	35,196,074

June 30, 2024					
Equity Index Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
----- Number of units -----					
Total units in issue at the beginning of the period	-	-	-	-	-
Add: Units issued	5,000	5,000	5,000	335,921	350,921
Less: Units redeemed	-	-	-	-	-
Total units in issue at the end of the period	5,000	5,000	5,000	335,921	350,921

## 16 AUDITORS' REMUNERATION

June 30, 2024				
Equity Index Sub-Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees -----				
Annual Audit fee	-	-	35,925	35,925
	-	-	35,925	35,925

## 17 BASIS OF ALLOCATION OF EXPENSES TO EACH SUB-FUND

- 17.1** Remuneration to the Pension Fund Manager and remuneration to the Trustee is allocated to each sub-fund on the basis of net assets of the sub-fund.
- 17.2** Formation cost shall be divided equally among all the Sub-Funds operative.
- 17.3** Expenses specifically incurred by a sub-fund, such as custody and settlement charges, fees and subscription, brokerage and transaction costs, bank charges and all direct expenses of Sub Fund, shall be charged to the pertinent Sub-Funds.
- 17.4** Legal costs, audit fees and annual fees payable to the Commission and any other common expenses in accordance with the VPS Rules and NBFC Regulations, and as defined in the Constitutive documents, shall be charged to the pertinent Sub-Funds in proportion to their respective net assets.

## 18 TAXATION

The income of the fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A Part IV to Second Schedule of the Income Tax Ordinance 2001. Accordingly Super Tax and any other taxes introduced in Finance Act 2015 are also not applicable on the Fund.

## 20 TRANSACTIONS WITH RELATED PARTY/CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, Collective Investment Schemes and other Voluntary Pension Systems managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager, directors of connected persons and persons having 10% or more beneficial ownership or voting power of the units of the Fund or the capital of the Pension Fund Manager.

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 Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

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

		June 30, 2024				
		Equity Index Sub- Fund	Equity Sub Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		----- Rupees -----				
<b>20.1</b>	<b>Transactions during the period</b>					
	<b>HBL Asset Management Limited - Management Company</b>					
	Remuneration of the Pension Fund Manager	-	-	-	-	-
	Sindh Sales Tax on remuneration of the Pension Fund Manager	-	-	-	-	-
	Preliminary expenses and floatation costs	-	-	-	57,584	57,584
	<b>HBL Asset Management Limited - Sponsor</b>					
	Issuance of Seed Capital Units	5,000	5,000	5,000	300,000	315,000
	Amount of Seed Capital Units issued	500,000	500,000	500,000	30,000,000	31,500,000
	<b>Central Depository Company of Pakistan Limited - Trustee</b>					
	Remuneration to the Central Depository Company company of Pakistan Limited - Trustee	-	-	-	25,923	25,923
	Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited - Trustee	-	-	-	3,370	3,370
	<b>Balances outstanding as at period end</b>					
	<b>HBL Asset Management Limited - Pension Fund Manager</b>					
	Remuneration Payable to the Pension Fund - Manager	-	-	-	-	-
	Sindh Sales Tax payable on remuneration of the Pension Fund Manager	-	-	-	-	-
	Formation cost payable to the Pension Fund - Manager	-	-	-	460,000	460,000
	<b>HBL Asset Management Limited - Sponsor</b>					
	Seed Capital Units held	5,000	5,000	5,000	300,000	315,000
	Amount of Seed Capital Units held at NAV	500,000	500,000	500,000	30,000,000	31,500,000
	<b>Central Depository Company of Pakistan Limited - Trustee</b>					
	Remuneration to Payable Central Depository Company of Pakistan Limited - Trustee	-	-	-	7,144	7,144
	Sindh Sales Tax Payable on remuneration to Central Depository Company of Pakistan Limited - Trustee	-	-	-	929	929

## 21 FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Board of Directors (the Board) of the Pension Fund Manager has overall responsibility for the establishment and oversight of the Fund's risk management framework.



Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed based on limits established by the Pension Fund Manager, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Audit Committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

The Fund primarily invests in a portfolio of equity, debt and money market investments such as shares of listed companies, investment - grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

## **21.1 Market risk**

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

"The Pension Fund Manager manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee. The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the VPS Rules. "

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

### **21.1.1 Currency risk**

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

### **21.1.2 Interest rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

#### **a) Cash flow interest rate risk**

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) by Rs. 3.363 million for Money Market Sub-Fund, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

#### **b) Fair value interest rate risk**

The Fund investment in GOP Ijara Sukuk and Corporate Sukuks expose it to the fair value interest rate risk.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association is expected to change over time.

### **21.1.3 Price Risk**

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to factors specific to the individual financial instrument or its issuer such as, change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, or factors affecting all similar financial instruments traded in the market such as changes in the industry environment and / or the economy in general.

The Pension Fund Manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to achieve long term capital growth by investing primarily in equity securities. The Fund's market risk is managed on a daily basis by the Pension Fund Manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio.

The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

The Fund does not hold any instrument that is exposed to price risk.

### **21.2 Liquidity Risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. The Pension Fund Manager's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

#### **Management of liquidity risk**

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. No redemptions were made during the period.

### 21.3 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in corporate sukuk bonds, and bank deposit. Risks attributable to investments in Market Treasury Bills are limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating. The risk of default is considered minimal due to interest systematic measures taken therein.

The analysis below summarises the credit quality of the Fund's bank balances and Investments as at June 30, 2024:

	Balance as per the statement of assets and liabilities	Maximum exposure	Balance as per the statement of assets and liabilities	Maximum exposure	Balance as per the statement of assets and liabilities	Maximum exposure	Balance as per the statement of assets and liabilities	Maximum exposure
Balance with banks	546,448	546,448	546,448	546,448	546,382	546,382	6,722,583	6,722,583

June 30, 2024								
	Equity Index Sub-Fund		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub Fund	
	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%
Bank balance by rating category								
AAA/AA+	546,448	100%	546,448	100%	546,382	100%	6,722,583	100%
Total balance including profit due	546,448	100%	546,448	100%	546,382	100%	6,722,583	100%

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

## 22. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

- Quoted (unadjusted) market prices 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 tables show the carrying amounts and fair values of financial assets and financial liabilities held as at June 30, 2024 including their levels in the fair value hierarchy:

		Held by Equity Index Sub-Fund						
		June 30, 2024						
		Carrying amount			Fair value			
	Note	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees)						
<b>Financial assets not measured at fair value</b>	22.1							
Balances with bank		-	546,448	546,448	-	-	-	-
		-	546,448	546,448	-	-	-	-
<b>Financial liabilities not measured at fair value</b>	22.1							
Payable to the Pension Fund Manager		-	-	-	-	-	-	-
Payable to the Trustee		-	-	-	-	-	-	-
Accrued expenses and other liabilities		-	54,856	54,856	-	-	-	-
		-	54,856	54,856	-	-	-	-
		Held by Equity Sub-Fund						
		June 30, 2024						
	Note	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees)						
<b>Financial assets not measured at fair value</b>	22.1							
Balances with bank		-	546,448	546,448	-	-	-	-
		-	546,448	546,448	-	-	-	-
<b>Financial liabilities not measured at fair value</b>	22.1							
Payable to the Pension Fund Manager		-	-	-	-	-	-	-
Payable to the Trustee		-	-	-	-	-	-	-
Accrued expenses and other liabilities		-	54,856	54,856	-	-	-	-
		-	54,856	54,856	-	-	-	-
		Held by Debt Sub-Fund						
		June 30, 2024						
		Carrying Amount			Fair Value			
	Note	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees)						
<b>Financial assets not measured at fair value</b>	22.1							
Balances with bank		-	546,382	546,382	-	-	-	-
		-	546,382	546,382	-	-	-	-
<b>Financial liabilities not measured at fair value</b>	22.1							
Payable to the Pension Fund Manager		-	-	-	-	-	-	-
Payable to the Trustee		-	-	-	-	-	-	-
Accrued expenses and other liabilities		-	54,790	54,790	-	-	-	-
		-	54,790	54,790	-	-	-	-
		Held by Money Market Sub Fund						
		June 30, 2024						
		Carrying Amount			Fair Value			
	Note	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees)						
<b>Financial assets measured at fair value</b>								
Corporate Sukuk Bonds		5,000,000	-	5,000,000	-	5,000,000	-	5,000,000
GOP Ijara Sukuk		24,781,138	-	24,781,138	-	24,781,138	-	24,781,138
		29,781,138	-	29,781,138	-	29,781,138	-	29,781,138
<b>Financial assets not measured at fair value</b>	22.1							
Balances with bank		-	6,722,583	6,722,583	-	-	-	-
		-	6,722,583	6,722,583	-	-	-	-
<b>Financial liabilities not measured at fair value</b>	22.1							
Payable to the Pension Fund Manager		-	460,000	460,000	-	-	-	-
Payable to the Trustee		-	8,073	8,073	-	-	-	-
Accrued expenses and other liabilities		-	56,182	56,182	-	-	-	-
		-	524,255	524,255	-	-	-	-

**23 PARTICIPANTS' FUND RISK MANAGEMENT (CAPITAL RISK)**

The Fund's capital is represented by redeemable units of the sub-funds. They are entitled to payment of a proportionate share based on the sub-fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in Participants' sub-funds.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the Participants invest in the Funds with a long-term objective, possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the Fund and rank pari passu as their rights in the net assets and earning of the sub-fund are not tradeable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in respective such sub-fund, in his/her individual pension account (IPA).

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

Six meetings of the Board of Directors were held on August 25,2023 , October 20, 2023, October 27,2023, January 25,2024 ,February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Meetings not attended	
1	Mr. Shahid Ghaffar	6	6	-	-
2	Ms. Ava A. Cowasjee	6	6	-	-
3	Mr. Rayomond H. Kotwal	6	5	1	October 27,2023.
4	Mr. Abrar Ahmed Mir	6	6	-	-
5	Mr. Tariq Masaud	6	6	-	-
6	Mr. Abid Sattar	6	6	-	-
7	Mr. Khalid Malik	6	6	-	-

**25 TOTAL EXPENSE RATIO**

Section 67G of the NBFC Regulations 2008 prescribes annualised total expense ratio (TER) limits for Voluntary Pension Schemes (VPSs). However, the KPK Rules have specified a lower cap of 1%, 1.75%, 0.75% and 0.75% for TER excluding insurance charges and separate cap for insurance charges of 0.25% for each sub-fund. These thresholds are within the maximum limits prescribed under the NBFC Regulations of 4.5%, 4.5%, 2.5% and 2% for Equity Index Sub Fund, Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Based on the current period results the total expense ratio is as follows:

	June 30, 2024			
	Equity Index Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	----- % -----			
Annualized Total Expense Ratio	-	-	-	0.73%
Government levy, SWWF and SECP fees	-	-	-	0.05%

**26 PERFORMANCE TABLE**

Performance Information	June 30, 2024			
	Equity Index Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	----- (Rupees) -----			
Net Assets	500,000	500,000	500,000	37,059,672
Net Assets Value Per Unit	100.0000	100.0000	100.0000	110.3225
Net Income after Taxation	-	-	-	3,363,598
Realized Gain/Loss	-	-	-	-
Un-Realized Gain/loss	-	-	-	160,829
Dividend Income	-	-	-	-
Net Contribution	500,000	500,000	500,000	33,696,074
Highest Issue Price	100.0000	100.0000	100.0000	110.3225
Lowest Issue Price	100.0000	100.0000	100.0000	100.0000

**27 GENERAL**

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

**27.2** The fund is registered and commenced its operations in current period, therefore no corresponding figure is to be reported.

**28 DATE OF AUTHORISATION FOR ISSUE**

**28.1** These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Pension Fund Manager.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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

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

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

**HBL**

**KPK Pension Fund**

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Pension Fund</b>
<b>NAME OF AUDITOR</b>	<b>BDO Ebrahim &amp; Co.</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan</b>
<b>NAME OF BANKERS</b>	<b>Soneri Bank Limited Bank Alfalah Limited</b>



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE PARTICIPANTS**

**HBL KPK PENSION FUND**

**Report of the Trustee pursuant to Regulation 67D of the Non-Banking Finance Companies  
and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL KPK Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Pension Fund Manager has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Further, in our opinion, the management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework.

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

Karachi, September 27, 2024





Tel: +92 21 3568 3030  
Fax: +92 21 3568 4239  
www.bdo.com.pk

2nd Floor, Block-C  
Lakson Square, Building No.1  
Sarwar Shaheed Road  
Karachi-74200  
Pakistan

## INDEPENDENT AUDITOR'S REPORT TO THE PARTICIPANTS OF HBL KPK PENSION FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL KPK PENSION Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in participants' sub fund for the period then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, and its financial performance and its cash flows for the period then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

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

The Management Company ("HBL Asset Management Limited") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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



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

The Board of Directors of the Management company is responsible for overseeing the Fund's financial reporting process.

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

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

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

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

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



**Report on other legal and regulatory requirements**


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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 27 SEP 2024

UDIN: AR2024101665BsEXoK19

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

**HBL KPK PENSION FUND**  
**Statement of Assets and Liabilities**  
*As at June 30, 2024*

June 30, 2024

		Money market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund	Total
<b>ASSETS</b>						
Balances with bank	5	1,118,893	543,618	554,023	554,023	2,770,557
Investments	6	36,156,759	-	-	-	36,156,759
Preliminary expenses and flotation costs	7	392,425	-	-	-	392,425
Advances, Deposits and prepayments	8	350,392	-	-	-	350,392
Profit/Mark-up receivable	9	195,432	9,135	9,642	9,642	223,851
<b>TOTAL ASSETS</b>		<b>38,213,901</b>	<b>552,753</b>	<b>563,665</b>	<b>563,665</b>	<b>39,893,984</b>
<b>LIABILITIES</b>						
Payable to Pension Fund Manager	10	460,100	-	-	-	460,100
Payable to Trustee	11	10,423	-	-	-	10,423
Annual fee payable to the Securities and Exchange Commission of Pakistan	12	7,493	-	-	-	7,493
Accrued expenses and other liabilities	13	56,205	52,753	63,665	63,665	236,288
<b>TOTAL LIABILITIES</b>		<b>534,221</b>	<b>52,753</b>	<b>63,665</b>	<b>63,665</b>	<b>714,304</b>
<b>NET ASSETS</b>		<b>37,679,680</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>39,179,680</b>
<b>PARTICIPANTS' SUB FUNDS (AS PER STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS)</b>		<b>37,679,680</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>39,179,680</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>						
----- (Number of units) -----						
Number of units in issue	16	338,289	5,000	5,000	5,000	
----- (Rupees) -----						
Net assets value per unit		111.3831	100.0000	100.0000	100.0000	

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

**For HBL Asset Management Limited**  
**(Pension Fund Manager)**

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

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

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

For the period from December 14,2023 to June 30,2024

	Money market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund	Total
<b>Income</b>					
Capital loss on sale of investments - net	(5,440)	-	-	-	(5,440)
Income from corporate sukuks	167,028	-	-	-	167,028
Income from Investment	2,482,208	-	-	-	2,482,208
Mark-up on bank deposits	1,185,306	52,753	63,666	63,666	1,365,391
	3,829,102	52,753	63,666	63,666	4,009,187
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	30,280	-	-	-	30,280
	3,859,382	52,753	63,666	63,666	4,039,467
<b>Expenses</b>					
Remuneration to HBL Asset Management Limited - Pension Fund Manager	-	-	-	-	-
Sindh Sales Tax on remuneration to HBL Asset Management Limited - Pension Fund Manager	-	-	-	-	-
Remuneration to Central Depository Company of Pakistan Limited - Trustee	28,181	-	-	-	28,181
Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited - Trustee	3,663	-	-	-	3,663
Annual fee - Securities and Exchange Commission of Pakistan	7,493	-	-	-	7,493
Auditors' remuneration	35,925	-	-	-	35,925
Other Expenses	5,056	52,753	63,666	63,666	185,141
Amortisation of formation cost	57,575	-	-	-	57,575
<b>Total expenses</b>	137,893	52,753	63,666	63,666	317,978
<b>Net income for the period before taxation</b>	3,721,489	-	-	-	3,721,489
Taxation	-	-	-	-	-
<b>Net income for the period after taxation</b>	3,721,489	-	-	-	3,721,489
<b>Earnings per unit</b>					

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

For the period from December 14, 2023 to June 30, 2024

	Money Market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund	Total
	----- (Rupees) -----				
Net income for the period	3,721,489	-	-	-	3,721,489
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	3,721,489	-	-	-	3,721,489

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

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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

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

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

For the period from December 14, 2023 to June 30, 2024

	Money Market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund	Total
	----- (Rupees) -----				
Net assets at the beginning of period	-	-	-	-	-
Amount received on issue of units	33,958,191	500,000	500,000	500,000	35,458,191
Net income for the period	3,721,489	-	-	-	3,721,489
Net assets at the end of period	37,679,680	500,000	500,000	500,000	39,179,680

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

For HBL Asset Management Limited  
(Pension Fund Manager)

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

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

\_\_\_\_\_  
Director



For the period from December 14, 2023 to June 30, 2024

Note	Money market	Debt	Equity	Equity Index	Total
	Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund	
----- Rupees -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income for the period	3,721,489	-	-	-	3,721,489
Adjustments for non cash items:					
Amortization of formation Cost	57,575	-	-	-	57,575
Capital loss on sale of investments - net	5,440	-	-	-	5,440
Income from corporate sukus	(167,028)	-	-	-	(167,028)
Income from Government securities	(2,482,208)	-	-	-	(2,482,208)
Mark-up on bank deposits	(1,185,306)	(52,753)	(63,666)	(63,666)	(1,365,391)
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	(30,280)	-	-	-	(30,280)
	(80,318)	(52,753)	(63,666)	(63,666)	(260,403)
<b>Increase in asset</b>					
Investment-net	(36,131,919)	-	-	-	(36,131,919)
Preliminary expenses and flotation costs	(450,000)	-	-	-	(450,000)
Advances, deposits and prepayments	(350,392)	-	-	-	(350,392)
	(36,932,311)	-	-	-	(36,932,311)
<b>Increase in liabilities</b>					
Payable to the Pension Fund Manager	460,100	-	-	-	460,100
Payable to Trustee	10,423	-	-	-	10,423
Annual fee - Securities and Exchange	7,493	-	-	-	7,493
Commission of Pakistan (SECP)	56,205	52,753	63,665	63,665	236,288
Accrued expenses and other liabilities	534,221	52,753	63,665	63,665	714,304
	(36,478,408)	-	(1)	(1)	(36,478,410)
<b>Cash used in operating activities</b>					
Income received from corporate sukus	167,028	-	-	-	167,028
Income received from Government securities	2,482,208	-	-	-	2,482,208
Mark-up received on bank deposits	989,874	43,618	54,024	54,024	1,141,540
	3,639,110	43,618	54,024	54,024	3,790,776
	(32,839,298)	43,618	54,023	54,023	(32,687,634)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipt from issuance of units	33,958,191	500,000	500,000	500,000	35,458,191
Net cash flows from financing activities	33,958,191	500,000	500,000	500,000	35,458,191
Net increase in cash and cash equivalents	1,118,893	543,618	554,023	554,023	2,770,557
Cash and cash equivalents at beginning of the period	-	-	-	-	-
Cash and cash equivalents at end of the period	5	1,118,893	543,618	554,023	2,770,557

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

**For HBL Asset Management Limited**  
**(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** HBL KPK Pension Fund is established under a Trust deed executed between HBL Asset Management Limited as a Pension Fund Manager and Central Depository Company of Pakistan Limited as Trustee. The Central Depository Company of Pakistan Limited was appointed as a trustee for the Fund by SECP on June 22, 2023. The Trust Deed is approved by the Securities and Exchange Commission of Pakistan (SECP) on September 12, 2023 under the Voluntary Pension System (VPS) Rules, 2005. The Fund is registered under the Sindh Trust Act, 2020, as amended vide Sindh Trusts (Amendment) Act, 2021 and was launched on December 14, 2023.
- 1.2** The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 (The VPS Rules) through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 7th floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Karachi, Pakistan.
- 1.3** The Fund is an unlisted open end pension scheme and units are offered on a continuous basis to employees of KPK Government appointed / recruited under Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022 or an employee of KPK Government regularize as Civil Servant through any legal instrument issued after coming in to force of the Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022 irrespective of the effective date of regularization. The units are non-transferable except in the circumstances mentioned in VPS Rules and KPK Act 2022 and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.
- 1.4** The Fund consists of four sub-funds namely; Equity Index Sub Fund, Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund (collectively the "Sub-Funds"). Under the KPK Civil Servants Act 2022, the contribution by or on behalf of the employee for the first three years from the date of launch of the fund shall be invested 100% in Money Market Sub Fund only and the remaining sub-funds shall remain in operative till then. Moreover, in the remaining three sub funds (Equity Index Sub Fund, Equity Sub Fund and Debt Sub Fund) only seed capital be injected by the Pension Fund Manager which would remain invested till three years from the launch date of the Fund. Following the initial three years of appointment/recruitment under Khyber Pakhtunkhwa Civil Servants (Amendment) Act 2022, KPK employees are eligible to change their allocation as per the life cycle allocation scheme. In cases where an employee fails to specify their asset allocation preferences, the pension fund manager, taking into consideration the employee's profile and age, will allocate the contribution to the default Asset Allocation Scheme outlined in the offering document and the KPK Rules, 2022.
- 1.5** Except for the departure from investment policy provided in the offering document, where the Pension Fund Manager shall place the seed capital amount of all sub-funds other than Money market Sub-Fund in a separate bank account in a commercial bank having at least such rating as prescribed thereunder for first three years from the date of launch of the Pension Fund, the investment shall be made as per the investment policy mentioned in the offering document. The investment policy for each of the sub-funds is as follows:
- The investment objective of the Equity Index Sub-Fund is to provide investors an opportunity to track closely the performance of the KSE-100 by investing in companies of the Index in proportion to their weightages. The Index Sub-fund shall strive to remain fully invested in accordance with the stated index, however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index or its subset during the year based on monthly average investment calculated on a daily basis. The un invested amount shall be kept in cash and/or near cash instruments where near cash instruments include cash in bank account (excluding TDRs), and Treasury bills not exceeding 90 days maturity. Composition of the remaining portion of the investments shall be as defined in the offering document;

- The investment objective of the Equity Sub Fund of the Pension Fund is to earn returns from investments in Pakistani Capital Markets. Assets of Equity Sub Fund shall be invested in equity securities which are listed on Pakistan Stock Exchange (PSX) or for the listing of which an application has been approved by PSX or in units of Real Estate Investment Trusts and Exchange Traded Funds provided that entity/sector/group exposure limits as prescribed are complied with at least ninety percent (90%) of Net Assets of Equity Sub Fund shall remain invested in listed equity securities during the year based on rolling average investment of last ninety (90) days calculated on daily basis. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Composition of the remaining portion of the investments shall be as defined in the offering document;
- The investment objective of the Debt Sub Fund is to earn returns from investments in debt markets of Pakistan, thus incurring a relatively lower risk than equity sub fund. The Debt Sub-Fund consists of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the net assets in the sub-fund shall be invested in debt securities issued by the Federal Government not exceeding 90 days' maturity. Exposure to any single entity or debt securities of a single entity shall not exceed 10% of NAV whereas, investment in a single stock exchange sector is restricted to 25% of NAV. Composition of the remaining portion of the investments shall be as defined in the offering document;
- The investment objective of the Money Market Sub Fund is to earn returns from investments in Money Markets of Pakistan, thus incurring a relatively lower risk than debt sub fund. The Money Market Sub-Fund consists of short-term money market securities with weighted average time to maturity not exceeding 90 days. Time to maturity of any assets in the portfolio shall not exceed six months. Exposure to any single entity or debt securities of a single entity, with the exception of those issued by the Federal Government, shall not exceed 10% of NAV whereas, investment in a single stock exchange sector is restricted to 25% of NAV. However, at all times, atleast 10% of the NAV of the Sub-Fund shall be invested scheduled commercial banks having prescribed ratings or government securities having upto 90 days maturity. Composition of the remaining portion of the investments shall be as defined in the offering document.

The Fund offers Life Cycle Allocation scheme to its participants with an option to allocate their contributions in a pre-planned allocation strategy as per their age. The exact exposure to each Sub Fund within the Allocation Scheme would be decided by the Employee at time of individual pension account opening and may be changed at any time at their discretion subject to age limits prescribed under KPK Rules. However, for initial three years from opening of account, the contribution of Employees will be invested in Money Market Sub-Fund only. The Employee may exercise the right to choose the exposure from the Allocation scheme subsequent to the initial three year period in the absence of which the Pension Fund Manager, keeping in view the profile and age of the Employee, shall allocate the Contributions to the Default Asset Allocation Scheme as specified in the offering document and the KPK Rules. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis.

**1.6** VIS Credit Rating Agency has assigned management quality rating of 'AM1 (Stable Outlook)' as at December 29, 2023 to the Pension Fund Manager.

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed;
- The requirements of the constitutive documents, Voluntary Pension System Rules, 2005 (VPS Rules),

Where the provisions of and directives issued under the Companies Act, 2017, the requirements of VPS Rules and constitutive documents, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the requirements of VPS Rules the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

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

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

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

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

### **Classification and valuation of investment**

For details please refer notes 4.2.1.1 and 6 to these financial statements.

### **Impairment of investment**

For details please refer note 4.2.1.2 to these financial statements.

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

### **3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024**

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Fund's operations or did not have significant impact on the financial statements other than certain additional disclosures.

**"Effective date (annual periods beginning on or after)"**

"Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies "

January 01, 2023

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

January 01, 2023

Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction

January 01, 2023

Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes

January 01, 2023

The Management company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

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

**"Effective date (annual periods beginning on or after)"**

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements

January 01, 2024

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments

January 01, 2026

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments

January 01, 2026

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions

January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current

January 01, 2024

	<b>"Effective date (annual periods beginning on or after)"</b>
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

#### **4 MATERIAL ACCOUNTING POLICIES INFORMATION**

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

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

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost / nominal amount.

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

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

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

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

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

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

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

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

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

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

#### **4.2.1.2 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

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

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

The Fund's financial assets include mainly deposits, investment and bank balances.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

#### **4.2.1.3 Regular way purchase/sale of financial assets**

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

#### **4.2.1.4 Derecognition**

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

#### **4.2.2 Financial liabilities**

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

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

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

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of second schedule to the income Tax Ordinance, 2001. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

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

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

#### **4.7 Net assets value per unit**

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



#### 4.8 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / return on Government securities, bank profits and investment in debt securities are recognized using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### 4.9 Transactions with related parties / connected persons

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

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

### 5 BALANCES WITH BANK

		June 30, 2024					
		Money Market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund	Total	
Note		----- Rupees -----					
<b>Local Currency</b>							
	In saving accounts	5.1	1,118,893	543,618	554,023	554,023	2,770,557

5.1 These carries mark-up at the rates ranging between 15% to 22.5% for Money Market Sub-Fund, 15% to 22.5% for Debt Sub-Fund, 15% to 22.5% for Equity Sub-Fund and 15% to 22.5% for Equity Index Sub-Fund.

### 6 INVESTMENTS

Financial assets classified at fair value through profit or loss

6.1	36,156,759	-	-	-	36,156,759
	<u>36,156,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,156,759</u>

#### 6.1 Financial assets at fair value through profit or loss

6.1.1	3,000,000	-	-	-	3,000,000
6.1.2	33,156,759	-	-	-	33,156,759
	<u>36,156,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,156,759</u>

#### 6.1.1 Financial assets at fair value through profit or loss - Corporate Sukuk Bonds

Name of the investee company	As at December 14, 2023	Purchases during the period	Sales during the period	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Un-realised gain / (loss)	Market value as a percentage of	
								Total investments	Net assets
----- (No. of units) -----									
----- (Rupees in 000) -----									
Lucky Electric Power Co. Ltd	-	3	-	3	3,000,000	3,000,000	-	8.30%	7.96%
Total - as at June 30, 2024	-	3	-	3	3,000,000	3,000,000	-	8.30%	7.96%

6.1.1.1 These corporate sukuk bonds has a coupon rate of 21.85% per annum.. Moreover, the face value is equal to carrying value.

**6.1.2** Financial assets at fair value through profit or loss - Market Treasury Bills

Issue date	Tenure	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) on re-measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2023	Purchases during the period	Sales / matured during the period	As at June 30, 2024					
-----Rupees-----										
July 13, 2023	12 Months	-	19,000,000	-	19,000,000	18,898,538	18,893,467	(5,071)	52.25%	50.14%
November 16, 2023	12 Months	-	11,700,000	-	11,700,000	10,855,248	10,890,916	35,668	30.12%	28.90%
June 27, 2024	6 Months	-	3,700,000	-	3,700,000	3,372,705	3,372,376	(329)	9.33%	8.95%
March 7, 2024	3 Months	-	10,000,000	10,000,000	-	-	-	-	0.00%	0.00%
April 8, 2024	3 Months	-	3,700,000	3,700,000	-	-	-	-	0.00%	0.00%
March 21, 2024	6 Months	-	5,500,000	5,500,000	-	-	-	-	0.00%	0.00%
March 11, 2024	12 Months	-	5,500,000	5,500,000	-	-	-	-	0.00%	0.00%
March 25, 2024	12 Months	-	5,500,000	5,500,000	-	-	-	-	0.00%	0.00%
<b>Total - as at June 30, 2024</b>		-	64,600,000	30,200,000	34,400,000	33,126,480	33,156,759	30,280	91.70%	88.00%

**6.1.2.1** As at June 30, 2024, Market Treasury Bill (T-bill) had a face value of Rs. 34.4 million carrying effective yield of 19.9427% per annum for T-bill with a face value of Rs.19 Million, 21.45% per annum for T-bill with a face value of Rs.11.7Million and 21.4% per annum for T-bill with a face value of Rs.10 Million.

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

		June 30, 2024				
		Money Market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund	Total
		----- Rupees -----				
Market value of investments	6.1.2	33,156,759	-	-	-	33,156,759
Less: Carrying value of investments	6.1.					
	2	(33,126,480)	-	-	-	(33,126,480)
		30,279	-	-	-	30,279
<b>7</b>	<b>PRELIMINARY EXPENSES AND FLOTATION COSTS</b>					
Cost charged	7.1	450,000	-	-	-	450,000
Less: Amortization for the period		(57,575)	-	-	-	(57,575)
Closing Balance		392,425	-	-	-	392,425
<b>7.1</b>	Under Regulation 60(2) and 60(3)(i) of the NBFC Regulations, 2008, formation costs incurred in connection with the establishment and registration of the Fund borne by the Pension Fund Manager and reimbursable shall be chargeable to the Fund, not exceeding 1.5 % of the Seed Capital of each Sub-Fund and shall amortized over a period of five years.					
<b>8</b>	<b>ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>					
Security deposit-CDC		100,000	-	-	-	100,000
Other receivable		130,680	-	-	-	130,680
Advance tax	8.1	119,712	-	-	-	119,712
		350,392	-	-	-	350,392
<b>8.1</b>	The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of Second Schedule of the Income tax Ordinance,2001. Further, the Fund is exempt from withholding of tax under section 150, 150A,151 and 233 of ITO 2001.					
	The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/2008-Vol.II-66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.					

June 30, 2024

	Money Market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund	Total
----- Rupees -----					
9	<b>PROFIT/MARK-UP RECEIVABLE</b>				
	28,404	-	-	-	28,404
	167,028	-	-	-	167,028
	-	9,135	-	-	9,135
	-	-	9,642	-	9,642
	-	-	-	9,642	9,642
	195,432	9,135	9,642	9,642	223,851

10 **PAYABLE TO PENSION FUND MANAGER**

Remuneration Payable to the Pension Fund Manager	10.1	-	-	-	-
Sindh Sales Tax payable on remuneration of the - Pension Fund Manager	10.2	-	-	-	-
Formation cost payable to the Pension Fund Manager	10.3	460,100	-	-	460,100
		460,100	-	-	460,100

10.1 The Pension Fund Manager is allowed to charge fees as remuneration for the management of fund within the limits of the Total Expense Ratio (TER) prescribed in the Trust Deed. However, no such fees was charged by the Pension Fund Manager during the period.

10.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% on the remuneration to the Pension Fund Manager through Sindh Sales Tax Act, 2011.

10.3 Formation Costs as agreed with the employer, not exceeding 1.5 % of the Seed Capital of each Sub-Fund, including expenditure incurred in connection with the establishment and authorization of the Pension Fund, then the cost shall be borne by the Pension Fund, paid to the Pension Fund Manager within the first three months of complete receipt of proceeds against Seed Capital Units subscribed by the Seed Investors.

11 **PAYABLE TO TRUSTEE**

Remuneration to the Central Depository Company of Pakistan Limited - Trustee	11.1	9,224	-	-	9,224
Sindh Sales Tax on remuneration of Trustee	11.2	1,199	-	-	1,199
		10,423	-	-	10,423

11.1 As per regulation 60 (3)(b) together with 67G (3) of the NBFC Regulations, 2008, the Pension Fund Manager shall charge remuneration of the Trustee related to the Fund within the limits of Total Expense Ratio as prescribed under the said regulations. During the period such fees is charged as follows:

**Net Assets**

**Tariff per annum**

Upto Rs.1 billion	0.15% p.a. of Net Assets
Rs.1 billion to Rs.3 billion	Rs.1.5 million plus 0.10% p.a. of Net Assets exceeding Rs.1 billion
Rs.3 billion to Rs.6 billion	Rs.3.5 million plus 0.08% p.a. of Net Assets exceeding Rs.3 billion
Over Rs.6 billion	Rs.5.9 million plus 0.06% p.a. of Net Assets exceeding Rs.6 billion

11.2 Sales tax at the rate of 13% on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

		June 30, 2024				
		Money Market	Debt	Equity	Equity Index	Total
		Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund	
Note		Rupees				
<b>12</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>					
	Annual fee payable	12.1 7,493	-	-	-	7,493
		7,493	-	-	-	7,493

**12.1** As per Clause 36 of the VPS Rules, 2005 the Pension Fund Manager shall pay an annual fee to the Commission an amount equal to one twenty-fifth of one per cent of the average annual net asset value of the pension fund. The fees is chargeable to the fund under Regulation 60 (3)(f) and 67G (3) of the NBFC Regulations and is payable in arrears. During the period the Pension Fund Manager has charged the fees accordingly for the period from the launch of the Fund's operations on December 14, 2023 to June 30, 2024 year end.

**13 ACCRUED EXPENSES AND OTHER LIABILITIES**

Audit Fee Payable	35,925	-	-	-	35,925
Withholding tax payable	19,179	-	-	-	19,179
Other Liabilities	1,101	52,753	63,665	63,665	181,184
	56,205	52,753	63,665	63,665	236,288

**14 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2024.

**15 CONTRIBUTION TABLE**

Contribution (net of front end fee) received during the period.

		June 30, 2024									
		Money Market		Debt		Equity		Equity Index		Total	
		Sub-Fund		Sub-Fund		Sub-Fund		Sub-Fund			
From:		(Units)	(Rupees)	(Units)	(Rupees)	(Units)	(Rupees)	(Units)	(Rupees)	(Units)	(Rupees)
Individuals		38,289	3,958,191	-	-	-	-	-	-	38,289	3,958,191
HBL Asset Management Company Limited											
- Sponsor		300,000	30,000,000	5,000	500,000	5,000	500,000	5,000	500,000	315,000	31,500,000

**16 NUMBER OF UNITS IN ISSUE**

		June 30, 2024				
		Money Market	Debt	Equity	Equity Index	Total
		Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund	
		(Number of units)				
Total units outstanding at beginning of the period		-	-	-	-	-
Units issued during the period		338,289	5,000	5,000	5,000	353,289
Units redeemed during the period		-	-	-	-	-
Total units in issue at the end of the period		338,289	5,000	5,000	5,000	353,289

**17 AUDITOR'S REMUNERATION**

	June 30, 2024				
	Money Market Sub-Fund	Debt Sub- Fund	Equity Sub-Fund	Equity Index Sub-Fund	Total
	----- Rupees -----				
Annual audit fee	22,593	-	-	-	22,593
Fee for half yearly review	13,332	-	-	-	13,332
	<b>35,925</b>	-	-	-	<b>35,925</b>

**18 BASIS OF ALLOCATION OF EXPENSES TO EACH SUB-FUND**

**18.1** Remuneration to the Pension Fund Manager and remuneration to the Trustee is allocated to each sub-fund on the basis of net assets of the sub-fund.

**18.2** Formation Cost shall be divided equally among all the sub-funds operative.

**18.3** Expenses specifically incurred by a sub-fund, such as custody and settlement charges, fees and subscription, brokerage and transaction costs, bank charges and all direct expenses of sub fund, shall be charged to the pertinent sub-funds.

**18.4** Legal costs, audit fees and annual fees payable to the Commission and any other common expenses in accordance with the VPS Rules and NBFC Regulations, and as defined in the Constitutive documents, shall be charged to the pertinent sub-funds in proportion to their respective net assets.

**19 TAXATION**

The income of the fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further, the Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A Part IV to Second Schedule of the Income Tax Ordinance 2001. Accordingly Super Tax and any other taxes introduced in Finance Act 2015 are also not applicable on the Fund.

**20 EARNINGS / (LOSS) PER UNIT**

Earnings / (loss) per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Pension Fund Manager, the determination of the same is not practicable.

**21 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	Money Market Sub-Fund		
	----- As at June 30, 2024 -----		
	At fair value through profit or loss	Amortised cost	Total
	----- Rupees in '000 -----		
Financial assets			
Bank balances	-	1,118,893	1,118,893
Investments			
Corporate Sukuk Bonds	3,000,000	-	3,000,000
Market Treasury Bills	33,156,759	-	33,156,759
Profit / mark-up receivable	-	195,432	195,432
Deposits and other receivable	-	230,680	230,680
	<b>36,156,759</b>	<b>1,545,005</b>	<b>37,701,764</b>

Particulars	As at June 30, 2023		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to the Pension Fund Manager	-	460,100	460,100
Payable to the Trustee	-	10,423	10,423
Accrued expenses and other liabilities	-	37,026	37,026
	-	507,549	507,549

Particulars	Debt Sub-Fund		
	As at June 30, 2024		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	-	543,618	543,618
Profit / mark-up receivable	-	9,135	9,135
	-	552,753	552,753

Particulars	As at June 30, 2023		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial liabilities			
Accrued expenses and other liabilities	-	52,753	52,753
	-	52,753	52,753

Particulars	Equity Sub-Fund		
	As at June 30, 2024		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	-	554,023	554,023
Profit / mark-up receivable	-	9,642	9,642
	-	563,665	563,665

Particulars	As at June 30, 2023		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial liabilities			
Accrued expenses and other liabilities	-	63,665	63,665
	-	63,665	63,665

Particulars	Equity Index Sub-Fund		
	As at June 30, 2024		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	-	554,023	554,023
Profit / mark-up receivable	-	9,642	9,642
	-	563,665	563,665

Particulars	As at June 30, 2023		
	At fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial liabilities			
Accrued expenses and other liabilities	-	63,665	63,665
	-	63,665	63,665

## 22 TRANSACTIONS WITH RELATED PARTY/CONNECTED PERSONS

Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, Collective Investment Schemes and other Voluntary Pension Systems managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager, directors of connected persons and persons having 10% or more beneficial ownership or voting power of the units of the Fund or the capital of the Pension Fund Manager.

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 Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

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

### 22.1 Transactions during the period

	June 30, 2024				Total
	Money Market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund	
	(Rupees)				
HBL Asset Management Limited - Pension Fund Manager					
Remuneration of the Pension Fund Manager	-	-	-	-	-
Sindh Sales Tax on remuneration of the Pension Fund Manager	-	-	-	-	-
Preliminary expenses and floatation costs	460,100	-	-	-	460,100
HBL Asset Management Company Limited - Sponsor					
Issuance of Seed Capital Units	338,289	5,000	5,000	5,000	353,289
Amount of Seed Capital Units issued	33,958,191	500,000	500,000	500,000	35,458,191
Central Depository Company of Pakistan Limited - Trustee					
Remuneration to the Central Depository of Pakistan Limited - Trustee	28,181	-	-	-	28,181
Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited - Trustee	3,663	-	-	-	3,663

**22.2 Balances outstanding as at period end**

	June 30, 2024				
	Money Market	Debt	Equity	Equity Index	Total
	Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund	
	(Rupees)				
<b>HBL Asset Management Limited - Pension Fund Manager</b>					
Remuneration Payable to the Pension Fund Manager	-	-	-	-	-
Sindh Sales Tax payable on remuneration of the Pension Fund Manager	-	-	-	-	-
Formation cost payable to the Pension Fund Manager	460,100	-	-	-	460,100
<b>HBL Asset Management Limited Company - Sponsor</b>					
Seed Capital Units held	338,289	5,000	5,000	5,000	353,289
Amount of Seed Capital Units held	33,958,191	500,000	500,000	500,000	35,458,191
<b>Central Depository Company of Pakistan Limited - Trustee</b>					
Remuneration to Central Depository Company of Pakistan Limited - Trustee	9,224	-	-	-	9,224
Sindh Sales Tax on remuneration to Central Depository Company of Pakistan Limited - Trustee	1,199	-	-	-	1,199

**23 FINANCIAL RISK MANAGEMENT**

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Board of Directors (the Board) of the Pension Fund Manager has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed based on limits established by the Pension Fund Manager, Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Audit Committee oversees how management monitors compliance with the Fund's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.



The Fund primarily invests in a portfolio of equity, debt and money market investments such as shares of listed companies, investment - grade debt securities, government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

### **23.1 Market risk**

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

"The Pension Fund Manager manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee. The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the VPS Rules. "

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

#### **23.1.1 Currency risk**

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

#### **23.1.2 Interest rate Risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

##### **23.1.2 a) Cash flow interest rate risk**

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) by Rs. 11,189 for Money Market Sub-Fund, Rs. 5,436 for Debt Sub-Fund, Rs. 5,540 for Equity Sub-Fund, Rs. 5,540 for Equity Index Sub-Fund, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

##### **b) Fair value interest rate risk**

The Fund's investment in Market Treasury Bills and Corporate Sukuk exposes it to fair value interest rate risk.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association is expected to change over time.

#### **23.1.3 Price Risk**

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to factors specific to the individual financial instrument or its issuer such as, change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, or factors affecting all similar financial instruments traded in the market such as changes in the industry environment and / or the economy in general.

The Pension Fund Manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to achieve long term capital growth by investing primarily in equity securities. The Fund's market risk is managed on a daily basis by the Pension Fund Manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio.

The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

The Fund does not hold any instrument that is exposed to price risk.

## **23.2 Liquidity Risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund. Liquidity risk may result from an inability to sell a financial asset at close to its fair value. The Pension Fund Manager's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund aims to maintain the level of cash and cash equivalents and other highly marketable securities at an amount in excess of expected cash outflows on financial liabilities. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

### **Management of liquidity risk**

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six working days from the date of the redemption request.

In addition, the Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. No redemptions were made during the period.

## **23.3 Credit risk**

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in corporate sukuk bonds, and bank deposit. Risks attributable to investments in Market Treasury Bills are limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating. The risk of default is considered minimal due to interest systematic measures taken therein.

### **23.3.1** The analysis below summarises the credit quality of the Fund's bank balances and Investments as at June 30, 2024:

Name of bank / institutions	Balances held by the Fund as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
(Rupees)			
Balances with banks by rating category			
Money Market Sub-Fund			
Bank Alfalah Limited	<u>1,118,893</u>	A-1+	PACRA
Debt Sub-Fund			
Bank Alfalah Limited	<u>543,618</u>	A-1+	PACRA
Equity Sub-Fund			
Soneri Bank Limited	<u>554,023</u>	A-1+	PACRA
Equity Index Sub-Fund			
Soneri Bank Limited	<u>554,023</u>	A-1+	PACRA
Corporate Sukuk Bonds			
Lucky Electric Power Limited	3,000,000	A-1+	PACRA

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

	2024
	----- (Percentage) -----
<b>Rating by rating category</b>	
A-1+	100.00

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

**24. FAIR VALUE OF FINANCIAL INSTRUMENTS**

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

- Quoted (unadjusted) market prices 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 tables show the carrying amounts and fair values of financial assets and financial liabilities held as at June 30, 2024 including their levels in the fair value hierarchy:

		Held by Debt Sub-Fund						
		June 30, 2024						
		At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees)						
<b>Financial assets not measured at fair value</b>		24.1						
	Bank balances	-	543,618	543,618	-	-	-	-
	Profit / mark-up receivable	-	9,135	9,135	-	-	-	-
		-	552,753	552,753	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		24.1						
	Payable to the Pension Fund Manager	-	-	-	-	-	-	-
	Payable to the Trustee	-	-	-	-	-	-	-
	Accrued expenses and other liabilities	-	52,753	52,753	-	-	-	-
		-	52,753	52,753	-	-	-	-
		Held by Equity Sub-Fund						
		June 30, 2024						
		Carrying Amount			Fair Value			
		At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees)						
<b>Financial assets not measured at fair value</b>		24.1						
	Bank balances	-	554,023	554,023	-	-	-	-
	Profit / mark-up receivable	-	9,642	9,642	-	-	-	-
		-	563,665	563,665	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		24.1						
	Payable to the Pension Fund Manager	-	-	-	-	-	-	-
	Payable to the Trustee	-	-	-	-	-	-	-
	Accrued expenses and other liabilities	-	63,665	63,665	-	-	-	-
		-	63,665	63,665	-	-	-	-
		Held by Equity Index Sub-Fund						
		June 30, 2024						
		Carrying Amount			Fair Value			
		At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees)						
<b>Financial assets not measured at fair value</b>		24.1						
	Bank balances	-	554,023	554,023	-	-	-	-
	Profit / mark-up receivable	-	9,642	9,642	-	-	-	-
		-	563,665	563,665	-	-	-	-
<b>Financial liabilities not measured at fair value</b>		24.1						
	Payable to the Pension Fund Manager	-	-	-	-	-	-	-
	Payable to the Trustee	-	-	-	-	-	-	-
	Accrued expenses and other liabilities	-	63,665	63,665	-	-	-	-
		-	63,665	63,665	-	-	-	-

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Meetings not attended	
1	Mr. Shahid Ghaffar	6	6	-	-
2	Ms. Ava A. Cowasjee	6	6	-	-
3	Mr. Rayomond H. Kotwal	6	5	1	October 27,2023.
4	Mr. Abrar Ahmed Mir	6	6	-	
5	Mr. Tariq Masaud	6	6	-	
6	Mr. Abid Sattar	6	6	-	
7	Mr. Khalid Malik	6	6	-	

## 27 TOTAL EXPENSE RATIO

Section 67G of the NBFC Regulations 2008 prescribes annualised total expense ratio (TER) limits for Voluntary Pension Schemes (VPSs). However, the KPK Rules have specified a lower cap of 1%, 1.75%, 0.75% and 0.75% for TER excluding insurance charges and separate cap for insurance charges of 0.25% for each sub-fund. These thresholds are within the maximum limits prescribed under the NBFC Regulations of 4.5%, 4.5%, 2.5% & 2% for Equity Index Sub Fund, Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Based on the current period results the total expense ratio is as follows:

	June 30, 2024			
	Money Market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund
Annualized Total Expense Ratio	0.73%	-	-	-
Government levy, SWWF and SECP fees	0.05%	-	-	-

## 28 PERFORMANCE TABLE

Performance Information	June 30, 2024			
	Money Market Sub-Fund	Debt Sub-Fund	Equity Sub-Fund	Equity Index Sub-Fund
	----- (Rupees) -----			
Net Assets	37,679,680	500,000	500,000	500,000
Net Assets Value Per Unit	111.3831	100.0000	100.0000	100.0000
Net Income after Taxation	3,721,489	-	-	-
Realized Gain/Loss	(5,440)	-	-	-
Un-Realized Gain/loss	30,280	-	-	-
Net Contribution	-	500,000	500,000	500,000
	----- (Rupees per unit) -----			
Highest Issue Price	109.0282	100.0000	100.0000	100.0000
Lowest Issue Price	100.0000	100.0000	100.0000	100.0000

**29 GENERAL**

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

**29.2** The fund is registered and commenced its operations in current period, therefore no corresponding figure is to be reported.

**30 DATE OF AUTHORISATION FOR ISSUE**

**30.1** These financial statements were authorised for issue to Board of directors on September 26, 2024 .

**For HBL Asset Management Limited  
(Pension Fund Manager)**

---

**Chief Financial Officer**

---

**Chief Executive Officer**

---

**Director**



## Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

- ✔ Licensed Entity Verification  
in 30 seconds
- ✔ Analyzing graphs
- ✔ Tax credit calculator
- ✔ Company valuation
- ✔ Insurance & Investment Checklist
- ✔ FAQs Answered

- ✔ Stock trading simulator  
based on live food mart data
- ✔ Knowledge owner
- ✔ Risk profiler
- ✔ Financial calculator
- ✔ Subscription to All the journal  
publications (available on  
regular intervals)
- ✔ Jamapunji application for  
mobile device
- ✔ Online Q&A

www.jamapunji.pk    0300-3000000



Securities and Exchange  
Commission of Pakistan  
www.secp.gov.pk

# HBL

## ASSET MANAGEMENT LTD.

## ایسٹ مینجمنٹ لمیٹڈ

**Head Office Karachi:**

7th Floor, Emerald Tower, Clifton,  
Karachi.

UAN: 111-HBL AMC (111-425-262)

Fax: 021-35168455

info@hblasset.com

**Lahore:**

102-103, Upper Mall, Lahore

Tel: 042-36281600

042-36281640-3

042-36281610

Fax: 042-36281686

**Islamabad:**

HBL Corporate Center,  
HBL building, Jinnah Avenue,  
Islamabad

Tel: 051-2821183

Fax: 051-2822206