

HBL

ASSET MANAGEMENT LTD.  
ایسٹٹ مینجمنٹ لمیٹڈ

AM1 (Stable Outlook) by VIS



# Annual Report 2023-24

MOVING TOWARDS  
**EXCELLENCE**



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# 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.

## INTEGRITY

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

## OUR 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.

## 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.

## 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.hblasasset.com](http://www.hblasasset.com)

### Head Office & Registered Office

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

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY**

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Income Fund, HBL Government Securities Fund, HBL Money Market Fund, HBL Cash Fund, HBL Stock Fund, HBL Equity Fund, HBL Energy Fund, HBL Multi Asset Fund, HBL Growth Fund, HBL Investment Fund, HBL Financial Sector Income Fund, HBL Mehfooz Munafa Fund and HBL Total Treasury Exchange Traded 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. 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 BAHF (+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 AND PAYOUTS

### HBL Income Fund

The total income and net income of the Fund was Rs. 997.47 million and Rs. 878.03 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 113.3201 per unit as on June 30, 2024 as compared to Rs. 112.4509 per unit as on June 30, 2023, after incorporating dividend of Rs. 24.15 per unit, thereby giving an annualized return of 22.35%. During the year the benchmark (6 Month KIBOR) return was 21.87%. The size of Fund was Rs. 4.97 billion as on June 30, 2024 as compared to Rs. 2.11 billion at the start of the year.

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

#### **HBL Government Securities Fund**

The total income and net income of the Fund was Rs. 583.28 million and Rs. 530.40 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 113.4443 per unit as on June 30, 2024 as compared to Rs. 112.9464 per unit as on June 30, 2023, after incorporating dividend of Rs. 23.10 per unit, thereby giving an annualized return of 20.92%. During the same year the benchmark (6 Month PKRV Rates) return was 21.69%.The size of Fund was Rs. 2.06 billion as on June 30, 2024 as compared to Rs. 0.78 billion at the start of the year.

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

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

The total income and net income of the Fund was Rs. 4.34 billion and Rs. 3.91 billion respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 103.4401 per unit as on June 30, 2024 as compared to Rs. 103.0279 per unit as on June 30, 2023, after incorporating dividend of Rs. 21.75 per unit, thereby giving an annualized return of 21.54%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 20.90%.The size of Fund was Rs. 22.48 billion as on June 30, 2024 as compared to Rs.13.33 billion at the start of the year.

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

#### **HBL Cash Fund**

The total income and net income of the Fund was Rs. 10.87 billion and Rs. 10.10 billion respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs 103.1573 per unit as on June 30, 2024 as compared to Rs 101.9926 per unit as on June 30, 2023, after incorporating dividends of Rs. 19.5403 per unit, thereby giving an annualized return of 22.20%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 20.90%.The size of Fund was Rs 56.42 billion as on June 30, 2024 as compared to Rs. 50.34 billion at the start of the year.

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

#### **HBL Stock Fund**

The total and net income of the Fund was Rs. 101.51 million and Rs. 93.63 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs 120.5342 per unit as on June 30, 2024 as compared to Rs 69.6597 per unit as on June 30, 2023, after incorporating dividends of Rs. 8.75 per unit, thereby giving a return of 85.59%. During the same year the benchmark KSE 30 index yielded a return of 94.99%.The size of Fund was Rs 0.23 billion as on June 30, 2024 as compared to Rs. 0.16 billion at the start of the year.

#### **HBL Equity Fund**

The total and net income of the Fund was Rs. 180.17 million and Rs. 165.89 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 121.4784 per unit as on June 30, 2024 as compared to Rs. 70.3636 per unit as on June 30, 2023, after incorporating dividends of Rs. 4.15 per unit, thereby giving a return of 78.55%. During the year the benchmark KSE 100 index yielded a return of 89.24%.The size of Fund was Rs. 0.19 billion as on June 30, 2024 as compared to Rs. 0.32 billion at the start of the year.

#### **HBL Energy Fund**

The total and net income of the Fund was Rs. 185.61 million and Rs. 164.47 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 16.9821 per unit as on June 30, 2024 as compared to Rs. 9.8261 per unit as on June 30, 2023, after incorporating dividends of Rs.0.50 per unit, thereby giving a return of 77.92%. During the same year the benchmark KSE 30 index yielded a return of 94.99%. The size of Fund was Rs. 0.57 billion as on June 30, 2024 as compared to Rs. 0.24 billion at the start of the year.



## **HBL Multi Asset Fund**

The total and net income of the Fund was Rs. 50.99 million and Rs. 46.48 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs 138.4640 per unit as on June 30, 2024 as compared to Rs 92.3983 per unit as on June 30, 2023, after incorporating dividend of Rs. 11.90 per unit, thereby giving a return of 62.74%. During the same year the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) yielded a return of 65.35%. The size of Fund was Rs 0.12 billion as on June 30, 2024 as compared to Rs. 0.10 billion at the start of the year.

## **HBL Growth Fund**

Effective from July 2, 2018 the Fund has been converted into an open-ended Equity Fund as per the duly approved Conversion Plan. This matter is fully disclosed in note 1.4 of the financial statements of the Fund. The Fund as a whole earned a total and net income of Rs. 1.19 billion and Rs. 993 million respectively during the year under review. The fund size of the fund stood at Rs. 7.15 billion as on June 30, 2024.

Performance review of each class is presented below:

### **HBL Growth Fund – Class ‘A’**

HBL Growth Fund – Class ‘A’ earned a total income and net income of Rs. 359.49 million and Rs. 221.16 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 19.9485 per unit as on June 30, 2024 as compared to Rs. 13.7476 as at June 30, 2023, after incorporating dividend of Rs. 0.75 per unit, thereby giving a return of 49.79%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Class ‘A’ was Rs. 5.66 billion as on June 30, 2024 as compared to Rs. 3.90 billion at the start of the year.

### **HBL Growth Fund – Class ‘B’**

HBL Growth Fund – Class ‘B’ earned a total and net income of Rs. 832.17 million and Rs. 771.34 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 21.5925 per unit as on June 30, 2024 as compared to Rs. 12.2463 as at June 30, 2023, after incorporating dividend of Rs. 1.45, thereby giving a return of 88.16%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Class ‘B’ was Rs. 1.50 billion as on June 30, 2024 as compared to Rs. 0.91 billion at the start of the year.

## **HBL Investment Fund**

Effective from July 2, 2018 the Fund has been converted into an open-ended Equity Fund as per the duly approved Conversion Plan. This matter is fully disclosed in note 1.4 of the financial statements of the Fund.

The Fund as a whole earned a total and net income of Rs. 504.78 million and Rs. 425.49 million respectively during the year under review. The fund size of the fund stood at Rs. 2.71 billion as on June 30, 2024.

Performance review of each class is presented below:

### **HBL Investment Fund – Class ‘A’**

HBL Investment Fund – Class ‘A’ earned a total income and net income of Rs. 126.77 million and Rs. 76.01 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 7.1063 per unit as on June 30, 2024 as compared to Rs. 4.8996 as at June 30, 2023, after incorporating dividend of Rs. 0.26 per unit, thereby giving a return of 49.62%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Class ‘A’ was Rs. 2.02 billion as on June 30, 2024 as compared to Rs. 1.39 billion at the start of the year.

### **HBL Investment Fund – Class ‘B’**

HBL Investment Fund – Class ‘B’ earned a total and net income of Rs. 504.78 million and Rs. 425.49 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 7.1063 per unit as on June 30, 2024 as compared to Rs. 6.0678 as at June 30, 2023, after incorporating dividend of Rs. 0.80 per unit, thereby giving a return of 84.00%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Class ‘B’ was Rs. 0.69 billion as on June 30, 2024 as compared to Rs. 0.45 billion at the start of the year.

## **HBL Financial Sector Income Fund**

The Fund as a whole earned a total and net income of Rs. 9.33 billion and Rs. 8.59 billion respectively. The collective size of the Fund as at June 30, 2024 was 60.67 billion. Performance of each plan is presented below.

### **HBL Financial Sector Income Fund – Plan-I**

The total income and net income of the Fund was Rs. 8.68 billion and Rs. 7.96 billion respectively during the period ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 102.0570 per unit as on June 30, 2024, after incorporating dividends of Rs. 19.9619 per unit, as compared to Rs. 100.8692 per unit as on June 30, 2023, thereby giving an annualized return of 22.11%. During the same period, the benchmark (6 Month KIBOR) return was 18.82%. The size of Fund was Rs. 50.71 billion as on June 30, 2024 as compared to Rs. 27.43 billion as at start of the year.

### **HBL Financial Sector Income Fund – Plan-II**

The Financial Sector Income Fund Plan-II commenced its operations on February 20, 2024.

The total income and net income of the Fund was Rs. 647.43 billion and Rs. 624.64 billion respectively during the period ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 100.1090 per unit as on June 30, 2024, after incorporating dividends of Rs. 6.3693 per unit, thereby giving an annualized return of 18.51%. During the same period, the benchmark return was 21.26%. The size of Fund was Rs. 9.96 billion as on June 30, 2024.

## **HBL Total Treasury Exchange Traded Fund**

The total income and net income of the Fund was Rs. 114.81 million and Rs. 107.44 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 101.7531 per unit as on June 30, 2024, after incorporating dividend of Rs. 20.00 per unit, thereby giving an annualized return of 21.40%. During the same period, the benchmark return was 24.97%. The size of Fund was Rs. 509 million as on June 30, 2024 as compared to Rs. 501 million as at start of the year.

## **HBL Mehfooz Munafa Fund**

The HBL Mehfooz Munafa Fund (the Fund) launched its plan-II on May 18, 2023 and matured on August 09, 2023. The Fund launched its plan-I on January 31, 2024. Performance of each plan is presented below.

### **HBL Mehfooz Munafa Fund Plan-II**

The total income and net income of the plan was Rs. 69.07 million and Rs. 64.28 million respectively for the period from July 01, 2023 till maturity of the plan. The net assets as at June 30, 2024 stands NIL as all the net assets are disbursed to its investors upon maturity.

### **HBL Mehfooz Munafa Fund Plan-I**

The total income and net income of the plan was Rs. 430.38 million and Rs. 421.42 million respectively for the period from January 31, 2024 to June 30, 2024. The net assets as at June 30, 2024 was 5.36 billion representing NAV of Rs. 100.4630, after incorporating dividend of Rs. 7.9342, thereby giving an annualized return of 20.39% against the benchmark return of 20.40%.

## **MANAGEMENT COMPANY RATING**

The VIS Credit Rating Company Limited (VIS) has reaffirmed the management quality rating of 'AM-I' (AM-One) to the Management Company and the outlook on the assigned rating has been assessed at 'Stable'.

## **AUDITORS**

The details of the retiring auditors and appointments for the year June 30, 2025 are provided in the following table.

S.no	Name of Fund	Retiring Auditors for the year ended June 30, 2024	Auditors for the year June 30, 2025	Re-appointment / new appointment
1	HBL Government Securities Fund	Yousuf Adil & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	Re-appointed
2	HBL Cash Fund	Yousuf Adil & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	Re-appointed
3	HBL Energy Fund	Yousuf Adil & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	Re-appointed
4	HBL Total Treasury Exchange Traded Fund	Yousuf Adil & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	Re-appointed
5	HBL Equity Fund	Yousuf Adil & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	Re-appointed
6	HBL Mehfooz Munafa Fund	BDO Ebrahim & Co., Chartered Accountants	BDO Ebrahim & Co., Chartered Accountants	Re-appointed
7	HBL Financial Sector Income Fund	BDO Ebrahim & Co., Chartered Accountants	BDO Ebrahim & Co., Chartered Accountants	Re-appointed
8	HBL Income Fund	A.F.Fergusons & Co., Chartered Accountants	A.F.Fergusons & Co., Chartered Accountants	Re-appointed
9	HBL Money Market Fund	A.F.Fergusons & Co., Chartered Accountants	A.F.Fergusons & Co., Chartered Accountants	Re-appointed
10	HBL Stock Fund	A.F.Fergusons & Co., Chartered Accountants	A.F.Fergusons & Co., Chartered Accountants	Re-appointed
11	HBL Growth Fund	A.F.Fergusons & Co., Chartered Accountants	A.F.Fergusons & Co., Chartered Accountants	Re-appointed
12	HBL Investment Fund	A.F.Fergusons & Co., Chartered Accountants	A.F.Fergusons & Co., Chartered Accountants	Re-appointed
13	HBL Multi Asset Fund	KPMG Taseer Hadi & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	New appointment

## **PATTERN OF UNIT HOLDING**

The details regarding the pattern of unit holding is provided in the respective financial statements of the Funds. Breakup of unit holding by size is provided in the relevant section of the Annual Fund Manager Report of the respective Funds.

## **ACKNOWLEDGEMENT**

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

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

On behalf of the Board of  
HBL Asset Management Limited

**Chief Executive Officer**

## مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

ایچ بی ایل ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کو ایچ بی ایل انکم فنڈ، ایچ بی ایل گورنمنٹ سیکیورٹیز فنڈ، ایچ بی ایل منی مارکیٹ فنڈ، ایچ بی ایل کیش فنڈ، ایچ بی ایل اسٹاک فنڈ، ایچ بی ایل ایکویٹی فنڈ، ایچ بی ایل انرجی فنڈ، کے مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی بوری ہے۔ ایچ بی ایل ملٹی ایسٹ فنڈ، ایچ بی ایل گروتھ فنڈ، ایچ بی ایل انوسٹمنٹ فنڈ، ایچ بی ایل فنانشل سیکٹر انکم فنڈ، ایچ بی ایل محفوظ منہ فنڈ اور ایچ بی ایل ٹوٹل ٹریڈری ایکسچینج ٹریڈڈ فنڈ (فنڈز) 30 جون 2024 کو ختم ہونے والے سال کے لیے۔

### اقتصادی جائزہ

مالی سال 24 نے معاشی بحالی اور استحکام کی راہیں متعین کیں۔ جون 2023 کے آخر میں IMF کے ساتھ USD 3.0B کے نو ماہ کے اسٹینڈ بائی ارینجمنٹ (SBA) پر دستخط ہوئے، جس نے پاکستان کو سانس لینے کی انتہائی ضرورت کی جگہ فراہم کی۔ پروگرام نے دیگر کثیر جہتی اور دو طرفہ رقوم کو کھولنے اور زرمبادلہ کے ذخائر کو مستحکم کرنے میں مدد کی ہے۔ SBA پروگرام کے بعد پاکستان کو دو طرفہ اور کثیر جہتی سے فنڈنگ اور رول اوور ملے۔ FY24 کے دوران SBP کے ذخائر USD 4.9B سے بڑھ کر USD 9.4B ہو گئے۔ PKR-USD برابری بھی PKR 307/USD کی بلندی سے PKR 278/USD تک مضبوط ہوئی۔ FY24 میں، PKR میں 2.7% اضافہ ہوا۔ SBA پروگرام کی کامیاب تکمیل کے فوراً بعد، پاکستانی حکام 3 سالہ EFF پروگرام پر ایک معاہدے تک پہنچنے میں کامیاب ہو گئے جس کی آئی ایم ایف کے ایگزیکٹو بورڈ سے منظوری ستمبر میں ہونی تھی۔ طویل مدتی پروگرام اقتصادی استحکام کے تسلسل کو یقینی بنائے گا اور بیرونی ذمہ داریوں کو پورا کرنے میں مدد فراہم کرے گا۔

مالی سال 24 میں جی ڈی پی کی شرح نمو 2.4 فیصد ریکارڈ کی گئی جس کی قیادت زراعت میں 6.3 فیصد ہے۔ اگرچہ خدمات اور صنعتی شعبوں کی ترقی بالترتیب 1.2% اور 2.4% پر خاموش رہی، لیکن مالی سال 23 کے مقابلے میں ان میں بہتری آئی۔ مالی سال 24 کے لیے، حکومت نے بالترتیب زراعت، صنعتی اور خدمات میں 2.0%، 4.4% اور 4.1% کی شرح نمو کی بنیاد پر جی ڈی پی کی شرح نمو کا ہدف 3.6% مقرر کیا ہے۔

مالی سال 24 میں کرنٹ اکاؤنٹ خسارہ (CAD) FY23 میں USD 3.3B کے مقابلے میں USD 0.7B تک پہنچ گیا۔ CAD میں کمی کے پیچھے تجارتی خسارے میں 11% کمی اور USD 30.3B تک ترسیلات زر میں 11% اضافہ تھا۔ FY24 میں برآمدات 12% y/y بڑھ کر USD 31B ہو گئیں جبکہ درآمدات USD 53.2B پر خاموش رہیں۔ 2MFY25 میں CAD 81% y/y کی کمی سے USD 171M ہو گیا ہے۔ تجارتی خسارے میں 22% اضافے کے باوجود USD 4.7B تک، ترسیلات زر میں 44% اضافے کی وجہ سے CAD کم ہو کر USD 5.9B ہو گیا۔

مئی 2023 میں 38 فیصد کی بلند ترین سطح کو چھونے کے بعد بیڈ لائن افراط زر میں کمی کا رجحان رہا ہے۔ افراط زر کی اوسط FY24 میں 24% رہی بمقابلہ FY23 میں 29%۔ زیادہ بنیادی اثر، مستحکم برابری اور خوراک کی قیمتوں میں نرمی مہنگائی میں کمی کا باعث بنی۔ 2MFY25 میں، بیڈ لائن افراط زر 2MFY24 میں 27.84% کے مقابلے میں اوسطاً 10.4% رہا۔ بیڈ لائن افراط زر کے رجحان کے مطابق، بنیادی افراط زر 2MFY25 میں 12.9% بمقابلہ 2MFY24 میں 21.2% تک گر گیا۔

بلند شرح سود کے باوجود، مالیاتی خسارہ مالی سال 24 میں جی ڈی پی کے 6.8 فیصد بمقابلہ مالی سال 23 میں 7.7 فیصد تک گر گیا۔ ٹیکس کی وصولی میں اضافہ، موجودہ اخراجات پر کنٹرول اور کم پی ایس ڈی پی خسارے میں کمی کا باعث بنی۔ پرائمری بیلنس نے FY24 میں GDP کا 0.9% سرپلس ریکارڈ کیا بمقابلہ FY23 میں 0.8% کا خسارہ، شرح سود کے بلند ماحول کے باوجود۔ مالی سال 25 میں، حکومت نے زیادہ ٹیکس وصولیوں اور غیر ٹیکس محصولات کی وجہ سے 5.9 فیصد خسارے کا بجٹ رکھا ہے۔ پرائمری بیلنس سرپلس کا بجٹ جی ڈی پی کے 1% پر رکھا گیا ہے۔

## اسٹاک مارکیٹ کا جائزہ

FY24 میں، بینچ مارک KSE-100 انڈیکس 36,992 پوائنٹس یا 89.2 فیصد اضافے سے 78,445 کی سطح پر پہنچ گیا۔ آئی ایم ایف پروگرام کی جوش، معاشی استحکام، سیاسی یقین، انتخابات کے پرامن اختتام کے ساتھ ساتھ غیر ملکی سرمایہ کاری نے جذبات کو مثبت بنا دیا۔ اقتصادی بدحالی کے باوجود کارپوریٹس کے ذریعے پوسٹ کیے گئے مضبوط نتائج نے بھی تیزی کی رفتار کو سہارا دیا۔ نوٹ کرنے کے لیے، KSE-100 انڈیکس FY24 میں 94% USD پر مبنی ریٹرن پوسٹ کر کے بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ رہی ہے۔

جن شعبوں نے مالی سال 24 میں کارکردگی میں بڑا حصہ ڈالا وہ بینک (+13,262 پوائنٹس)، کھاد (+5,074 پوائنٹس)، تیل اور گیس کی تلاش (+4,300 پوائنٹس) اور پاور (+4,192 پوائنٹس) تھے۔ جب کہ اسکرپٹ کے لحاظ سے بڑا حصہ EFERT (+1,998 pts)، UBL (+2,719 pts)، MEHL (+2,392 pts)، HUBC (+3,282 pts) اور BAH (+1,945 pts) سے آیا۔

KSE آل شیئر انڈیکس کا یومیہ اوسط حجم اور قدر FY23 میں 192M حصص سے بڑھ کر 461M حصص اور PKR 15.6B اور PKR 6.1B ہو گئی۔ غیر ملکی USD 141M کے خالص خریدار تھے جبکہ مقامی محاذ پر بینک، افراد، میوچل فنڈز اور دیگر بالترتیب USD 47M، USD 60M، USD 141M اور USD 33M کے خالص فروخت کنندگان تھے۔ انشورنس اور کمپنیاں بالترتیب 126M اور 36M کے خالص خریدار رہے۔

افراط زر میں زبردست کمی کے بعد، شرح سود کا چکر اب الٹا رجحان پر ہے۔ پالیسی ریٹ 22 فیصد کی بلند ترین سطح کو چھونے کے بعد کم کر کے 17.5 فیصد کر دیا گیا ہے۔ آنے والے مہینوں میں افراط زر کی ریڈنگ سنگل ہندسوں میں ہونے کا تخمینہ ہے جو شرح سود میں مزید کمی کی گنجائش فراہم کرے گا۔ شرح سود میں کمی، 3 سالہ EFF پروگرام کا تحفظ، کثیر جہتی اور دوطرفہ سے فنڈنگ سپورٹ، مضبوط آمدنی کا آؤٹ لک اور تیل کی قیمت کا کمزور ہونا مارکیٹ کی رفتار کو مثبت رکھے گا۔ 11% کی منافع بخش پیداوار پیش کرنے کے باوجود، مارکیٹ 4.0x کے P/E پر ٹریڈ کر رہی ہے بمقابلہ تاریخی اوسط 6.0x۔ ہمیں یقین ہے کہ مارکیٹ موجودہ سطحوں سے ری ریٹ کر سکتی ہے۔ لہذا، ہم ایکوٹی پر تیزی کا موقف برقرار رکھتے ہیں۔ ہمارے موقف کے لیے خطرہ مشرق وسطیٰ میں اضافہ اور کسی بھی ملکی سیاسی غیر یقینی صورتحال کا امکان ہے۔

## منی مارکیٹ کا جائزہ

زیر جائزہ مدت کے دوران، اسٹیٹ بینک نے معاشی سرگرمیوں کو کم کرنے اور افراط زر کو کم کرنے کے لیے پالیسی ریٹ کو 22 فیصد پر برقرار رکھا۔ تاہم، مالی سال 24 کی آخری مانیٹری پالیسی کمیٹی (MPC) کے اجلاس میں، افراط زر میں کمی کی وجہ سے پالیسی ریٹ کو کم کر کے 20.5% کر دیا گیا تھا۔ مستقبل کی بنیاد پر، حقیقی سود کی شرحیں نمایاں طور پر مثبت ہو گئی ہیں۔

شرح سود میں آئندہ آنے والی کمی کو محسوس کرتے ہوئے، MPC کی طرف سے شرح سود میں کمی کے اعلان سے پہلے ثانوی مارکیٹ کی پیداوار میں کمی آنا شروع ہو گئی ہے۔ 23.78%، 24.51%، 24.73%، 21.16% اور 17.93% ثانوی مارکیٹ کی پیداوار کی بلندی کو چھونے کے بعد 19.97%، 19.91%، 18.68%، 16.50% اور 15.37% M 6M اور 3M Y15 کے لیے 15.37%، 3M Y15 بالترتیب ٹی بل نیلامیوں میں، 6M، 3M اور 12M کٹ آف پیداوار 24.5%، 24.79% اور 25.07% کی بلندی تک پہنچنے کے بعد بالترتیب 20.15%، 19.96% اور 18.54% تک گر گئی ہیں۔ 3Y اور 5Y فکسڈ ریٹ PIB نیلامیوں میں، 19.35% اور 16.95% کی بلندی دیکھنے کے بعد کٹ آف پیداوار بالترتیب 16.60% اور 15.45% تک گر گئی۔

26 جون-24 کو منعقدہ آخری ٹی-بل نیلامی کے دوران، حکومت نے PKR 150B کے ہدف کے مقابلے میں PKR 777B اٹھایا جہاں 6M، 3M اور 12M T- کے لیے کٹ آف پیداوار 20.15%، 19.96% اور 18.54% پر بڑی حد تک فلیٹ رہی۔ بالترتیب بل-25 جون-24 کو ہونے والی آخری مقررہ شرح PIB نیلامی میں، حکومت نے PKR 190B کے ہدف کے مقابلے میں PKR 131B بڑھایا۔ 5Y، 3Y اور 10Y کے لیے کٹ آف پیداوار بالترتیب 5Y، 3Y اور 10Y بانڈز کے لیے بالترتیب 16.55%، 15.45% اور 14.25% پر مستحکم رہی ہے۔ آخری فلوٹنگ ریٹ PIB نیلامی میں، حکومت نے PKR 500B کے ہدف کے مقابلے میں PKR 106B بڑھایا۔



یہ بات بھی قابل ذکر ہے کہ 27 جون-2024 کو ہونے والی آخری سکوک نیلامی کے دوران، حکومت نے PKR 20B کے ہدف کے مقابلے میں مقررہ کرایہ کی شرح (FRR) سکوک سے PKR 198B بڑھایا۔ 3 سالہ سکوک پر پیداوار 15.80 فیصد رہی جبکہ 5 سالہ سکوک پر FRR کے لیے 15.10 فیصد رہی۔ متغیر شرح سکوک (VRR) نیلامی میں، حکومت نے ہدف کے مطابق PKR 20B بڑھایا۔ FY24 کے آخری مقررہ رعایتی اجارہ سکوک میں، حکومت نے PKR 10B کے ہدف کے مقابلے میں PKR 21B بڑھا کر 18.50% کیا۔

شرح سود میں کمی کے باوجود، افراط زر میں متوقع تیزی سے کمی کی وجہ سے حقیقی شرح سود مستقبل کی بنیاد پر نمایاں طور پر مثبت رہی ہے۔ چونکہ افراط زر موجودہ سطح سے مزید کم ہونے کی توقع ہے، اس لیے شرح میں مزید کمی کا امکان زیادہ ہے۔

## مستقبل کا آؤٹ لک

ہم سمجھتے ہیں کہ حکومت کے لیے مالی سال 25 میں 3.6 فیصد کی شرح نمو کا ہدف حاصل کرنا مشکل ہو گا۔ شرح سود کے بلند ماحول، قوت خرید میں کمی اور PSDP کے کم استعمال کے پیش نظر نمو ممکنہ طور پر 2.5% سے 3.0% کے درمیان خاموش رہے گی۔

مالیاتی پہلو پر، بجٹ خسارہ ممکنہ طور پر بلندی پر ہوگا یعنی 6.5% سے 7.5% کی حد میں بمقابلہ 5.9% کا ہدف زیادہ سود کی ادائیگی اور بجٹ میں ٹیکس وصولیوں میں ممکنہ کم کارکردگی کی وجہ سے۔ 2MFY25 میں، FBR کی وصولی ہدف سے PKR 113B سے کم رہی ہے۔ FBR کی وصولی کا ہدف FY25 کے لیے ~PKR 12.9T ہے، جو FY24 سے 40% زیادہ ہے۔

تیل کی قیمتوں میں کمی اور ترسیلات زر میں اضافے کی وجہ سے مالی سال 25 میں کرنٹ اکاؤنٹ خسارہ مالی سال 24 کی سطح کے قریب رہنے کا امکان ہے۔ PBS کے مطابق، پیٹرولیم کی درآمدات USD 16.9B یا کل درآمدات کا 31% تھیں۔ نوٹ کرنے کے لیے، بریٹ کروڈ نے مالی سال 25 کے آغاز سے 14 فیصد درست کیا ہے۔ ترسیلات زر میں اضافہ (2MFY24) ~USD 3B کی ماہانہ رن ریٹ بھی CAD کو کم کرے گا۔

پاکستان میں گزشتہ چند سالوں میں مہنگائی کی بلند ترین شرح دیکھی جا رہی ہے اور مئی 2023 میں سالانہ مہنگائی کی شرح 38 فیصد کو چھو گئی تھی۔ یہ بنیادی طور پر تیل کی بین الاقوامی قیمتوں میں اضافہ، سیلاب، سپلائی چین میں خلل، ٹیکسوں میں اضافہ اور PKR کی قدر میں کمی کی وجہ سے ہوا تھا۔ مالی سال 24 میں، ستمبر 2023 میں 31.44 فیصد پر سالانہ مہنگائی کی بلند ترین شرح دیکھی گئی۔ مہنگائی نیچے کی جانب گامزن ہے اور مارچ 2024 میں 21 فیصد سے جون 2024 میں 13 فیصد تک گر گئی ہے۔ اگست 2024 میں سالانہ مہنگائی مزید کم ہو کر 9.6 فیصد رہ گئی ہے۔ PKR استحکام، تیل کی قیمتوں میں کمی اور اعلیٰ بنیاد کا اثر گرتی ہوئی افراط زر کی ریڈنگ میں حصہ لیا۔ مالی سال 25 کے اختتام تک بڑھنے سے پہلے مالی سال 25 کے بیشتر ادوار میں افراط زر کے واحد ہندسوں میں رہنے کی توقع ہے۔

سستی قیمتوں، شرح سود میں کمی اور IMF EFF پروگرام کی منظوری کی وجہ سے پاکستانی ایکویٹیز پر ہمارا نظریہ مثبت ہے۔ مارکیٹ 14.5x کی علاقائی اوسط کے مقابلے میں ~4.0x کے تاریخی کم P/E ملٹیپل پر ٹریڈ کر رہی ہے، اور 5.5% کی علاقائی اوسط کے مقابلے میں 11.1% کی پرکشش ڈیویڈنڈ پیداوار پیش کرتی ہے۔ لہذا، پاکستان کی ایکویٹی طویل مدتی سرمایہ کاروں کے لیے ایک اچھا موقع پیش کرتی ہے۔

## فند کی کارکردگی اور ادائیگیاں

### ایچ بی ایل انکم فند

فند کی کل آمدنی اور خالص آمدنی روپے تھی۔ 997.47 ملین روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 878.03 ملین روپے۔ فند کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک فی یونٹ 113.3201 روپے کے مقابلے میں۔ 112.4509 فی یونٹ 30 جون 2023 تک، روپے کے منافع کو شامل کرنے کے بعد۔ 24.15 فی یونٹ، اس طرح 22.35% کا سالانہ منافع دیتا ہے۔ سال کے دوران بینچ مارک (6 ماہ KIBOR) کی واپسی 21.87% تھی۔ فند کا حجم روپے تھا۔ 30 جون 2024 تک 4.97 بلین روپے کے مقابلے میں سال کے آغاز میں 2.11 بلین۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فند کو A+(f) کی فند استحکام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

### ایچ بی ایل گورنمنٹ سیکیورٹیز فند

فند کی کل آمدنی اور خالص آمدنی روپے تھی۔ 583.28 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 530.40 ملین۔ فند کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک فی یونٹ 113.4443 روپے کے مقابلے میں۔ 112.9464 فی یونٹ 30 جون 2023 تک، روپے کے منافع کو شامل کرنے کے بعد۔ 23.10 فی یونٹ، اس طرح 20.92% کا سالانہ منافع دیتا ہے۔ اسی سال کے دوران بینچ مارک (6 ماہ کے PKRV ریٹس) کا منافع 21.69% تھا۔ فند کا سائز روپے تھا۔ 30 جون 2024 تک 2.06 بلین روپے کے مقابلے میں سال کے آغاز میں 0.78 بلین۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فند کی استحکام کی درجہ بندی کو AA-(f) کرنے کی توثیق کی ہے۔

### ایچ بی ایل منی مارکیٹ فند

فند کی کل آمدنی اور خالص آمدنی روپے تھی۔ 4.34 ارب روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 3.91 بلین روپے۔ فند کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک فی یونٹ 103.4401 روپے کے مقابلے میں۔ 103.0279 فی یونٹ 30 جون 2023 تک، روپے کے منافع کو شامل کرنے کے بعد۔ 21.75 فی یونٹ، اس طرح 21.54% کا سالانہ منافع دیتا ہے۔ سال کے دوران بینچ مارک (70% PKRV 3M اور 30% 3M ڈپازٹ ریٹس) 20.90% تھا۔ فند کا سائز روپے تھا۔ 30 جون 2024 تک 22.48 بلین روپے جبکہ سال کے آغاز میں 13.33 بلین روپے تھے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے فند کے لیے (f) AA+ کی فند استحکام کی درجہ بندی کی دوبارہ تصدیق کی ہے۔

### ایچ بی ایل کیش فنڈ

فنڈ کی کل آمدنی اور خالص آمدنی روپے تھی۔ 10.87 ارب روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 10.10 بلین روپے۔ فنڈ کی خالص اثاثہ قیمت (NAV) فی یونٹ 30 جون 2024 تک 103.1573 روپے فی یونٹ تھی جبکہ اس کے بعد 30 جون 2023 کو 101.9926 روپے فی یونٹ تھی۔ روپے کے منافع کو شامل کرنا 19.5403 فی یونٹ، اس طرح 22.20% کا سالانہ منافع دیتا ہے۔ سال کے دوران بینچ مارک (3M PKRV %70) اور 30% 3M ڈپازٹ کی شرح 20.90% تھا۔ فنڈ کا حجم 30 جون 2024 تک 56.42 بلین روپے تھا جبکہ 30 جون 2024 کو روپے تھا۔ سال کے آغاز میں 50.34 بلین۔

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

### ایچ بی ایل اسٹاک فنڈ

فنڈ کی کل اور خالص آمدنی روپے تھی۔ 101.51 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 93.63 ملین روپے۔ فنڈ کی خالص اثاثہ قیمت (NAV) 30 جون 2024 تک فی یونٹ 120.5342 روپے تھی جبکہ اس کے بعد 30 جون 2023 کو 69.6597 روپے فی یونٹ تھی۔ روپے کے منافع کو شامل کرنا 8.75 فی یونٹ، اس طرح 85.59 فیصد کا منافع ملتا ہے۔ اسی سال کے دوران بینچ مارک کے ایس ای 30 انڈیکس نے 94.99 فیصد کی واپسی حاصل کی۔ 30 جون 2024 کو فنڈ کا حجم 0.23 بلین روپے تھا جو کہ روپے کے مقابلے میں تھا۔ سال کے آغاز میں 0.16 بلین۔

### ایچ بی ایل ایکویٹی فنڈ

فنڈ کی کل اور خالص آمدنی روپے تھی۔ 180.17 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 165.89 ملین روپے۔ فنڈ کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک فی یونٹ 121.4784 روپے کے مقابلے میں۔ 70.3636 فی یونٹ 30 جون 2023 تک، روپے کے منافع کو شامل کرنے کے بعد 4.15 فی یونٹ، اس طرح 78.55% کی واپسی۔ سال کے دوران بینچ مارک KSE 100 انڈیکس نے 89.24% کی واپسی حاصل کی۔ فنڈ کا حجم روپے تھا۔ 30 جون 2024 تک 0.19 بلین روپے کے مقابلے میں سال کے آغاز میں 0.32 بلین۔

### ایچ بی ایل انرجی فنڈ

فنڈ کی کل اور خالص آمدنی روپے تھی۔ 185.61 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 164.47 ملین روپے۔ فنڈ کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک فی یونٹ 16.9821 روپے کے مقابلے میں۔ 30 جون 2023 تک 9.8261 روپے فی یونٹ، 0.50 روپے فی یونٹ کے منافع کو شامل کرنے کے بعد، اس طرح 77.92% کا منافع ملتا ہے۔ اسی سال کے دوران بینچ مارک KSE 30 انڈیکس نے 94.99% کی واپسی حاصل کی۔ فنڈ کا حجم روپے تھا۔ 30 جون 2024 تک 0.57 بلین روپے کے مقابلے میں۔ سال کے آغاز میں 0.24 بلین۔

## ایچ بی ایل ملٹی ایسٹ فنڈ

فنڈ کی کل اور خالص آمدنی روپے تھی۔ 50.99 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 46.48 ملین روپے۔ فنڈ کی خالص اثاثہ قیمت (NAV) فی یونٹ 30 جون 2024 تک 138.4640 روپے فی یونٹ تھی جبکہ اس کے بعد 30 جون 2023 کو 92.3983 روپے فی یونٹ تھی۔ روپے کا ڈیویڈنڈ شامل کرنا 11.90 فی یونٹ، اس طرح 62.74% کا منافع ملتا ہے۔ اسی سال کے دوران بینچ مارک انڈیکس (ویٹڈ اوسط یومیہ ریٹرن KSE 100 اور 6 ماہ PKRV ریٹس) نے 65.35% کی واپسی حاصل کی۔ 30 جون 2024 کو فنڈ کا حجم 0.12 بلین روپے تھا جبکہ 30 جون 2024 تک سال کے آغاز میں 0.10 بلین۔

## ایچ بی ایل گروتھ فنڈ

2 جولائی 2018 سے مؤثر طریقے سے منظور شدہ کنورژن پلان کے مطابق فنڈ کو اوپن اینڈ ایکویٹی فنڈ میں تبدیل کر دیا گیا ہے۔ یہ معاملہ فنڈ کے مالی بیانات کے نوٹ 1.4 میں مکمل طور پر ظاہر کیا گیا ہے۔

فنڈ نے مجموعی طور پر روپے کی کل اور خالص آمدنی حاصل کی۔ 1.19 بلین اور روپے زیر جائزہ سال کے دوران بالترتیب 993 ملین۔ فنڈ کا حجم 10 کروڑ روپے رہا۔ 30 جون 2024 تک 7.15 بلین۔

بر کلاس کی کارکردگی کا جائزہ ذیل میں پیش کیا گیا ہے:

## ایچ بی ایل گروتھ فنڈ - کلاس 'A'

ایچ بی ایل گروتھ فنڈ - کلاس 'A' نے کل آمدنی اور روپے کی خالص آمدنی حاصل کی۔ 359.49 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 221.16 ملین۔ کلاس 'A' کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک فی یونٹ 19.9485 روپے کے مقابلے میں۔ 30 جون 2023 تک 13.7476 روپے کے منافع کو شامل کرنے کے بعد۔ 0.75 فی یونٹ، اس طرح 49.79% کا منافع ملتا ہے۔ سال کے دوران بینچ مارک KSE 100 انڈیکس نے 89.24% کی واپسی حاصل کی۔ کلاس 'A' کا سائز روپے تھا۔ 30 جون 2024 تک 5.66 بلین روپے کے مقابلے میں۔ سال کے آغاز میں 3.90 بلین۔

## ایچ بی ایل گروتھ فنڈ - کلاس 'B'

ایچ بی ایل گروتھ فنڈ - کلاس 'B' نے کل اور خالص آمدنی Rs. 832.17 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 771.34 ملین۔ کلاس 'B' کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک فی یونٹ 21.5925 روپے کے مقابلے میں۔ 30 جون 2023 تک 12.2463 روپے کا ڈیویڈنڈ شامل کرنے کے بعد۔ 1.45، اس طرح 88.16% کی واپسی دیتا ہے۔ سال کے دوران بینچ مارک KSE 100 انڈیکس نے 89.24% کی واپسی حاصل کی۔ کلاس 'B' کا سائز روپے تھا۔ 30 جون 2024 تک 1.50 ارب روپے کے مقابلے میں۔ سال کے آغاز میں 0.91 بلین۔

## ایچ بی ایل انویسٹمنٹ فنڈ

2 جولائی 2018 سے مؤثر طریقے سے منظور شدہ کنورژن پلان کے مطابق فنڈ کو اوپن اینڈ ایکویٹی فنڈ میں تبدیل کر دیا گیا ہے۔ یہ معاملہ فنڈ کے مالی بیانات کے نوٹ 1.4 میں مکمل طور پر ظاہر کیا گیا ہے۔

فنڈ نے مجموعی طور پر روپے کی کل اور خالص آمدنی حاصل کی۔ 504.78 ملین اور روپے زیر جائزہ سال کے دوران بالترتیب 425.49 ملین۔ فنڈ کا حجم 10 کروڑ روپے رہا۔ 30 جون 2024 تک 2.71 بلین۔

ہر کلاس کی کارکردگی کا جائزہ ذیل میں پیش کیا گیا ہے:

### ایچ بی ایل سرمایہ کاری فنڈ - کلاس 'A'

ایچ بی ایل انویسٹمنٹ فنڈ - کلاس 'A' نے کل آمدنی اور روپے کی خالص آمدنی حاصل کی۔ 126.77 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 76.01 ملین۔ کلاس 'A' کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک 7.1063 روپے فی یونٹ کے مقابلے میں۔ 30 جون 2023 تک 4.8996 روپے کے منافع کو شامل کرنے کے بعد۔ 0.26 فی یونٹ، اس طرح 49.62 فیصد کا منافع ملتا ہے۔ سال کے دوران بینچ مارک KSE 100 انڈیکس نے 89.24% کی واپسی حاصل کی۔ کلاس 'A' کا سائز روپے تھا۔ 30 جون 2024 تک 2.02 ارب روپے کے مقابلے میں۔ سال کے آغاز میں 1.39 بلین۔

### ایچ بی ایل سرمایہ کاری فنڈ - کلاس 'B'

ایچ بی ایل انویسٹمنٹ فنڈ - کلاس 'B' نے کل اور خالص آمدنی Rs. 504.78 ملین اور روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 425.49 ملین۔ کلاس 'B' کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 30 جون 2024 تک 7.1063 روپے فی یونٹ کے مقابلے میں۔ 6.0678 جیسا کہ 30 جون 2023 تک، روپے کے منافع کو شامل کرنے کے بعد۔ 0.80 فی یونٹ، اس طرح 84.00% کی واپسی۔ سال کے دوران بینچ مارک KSE 100 انڈیکس نے 89.24% کی واپسی حاصل کی۔ کلاس 'B' کا سائز روپے تھا۔ 30 جون 2024 تک 0.69 بلین روپے کے مقابلے میں۔ سال کے آغاز میں 0.45 بلین۔

### ایچ بی ایل فنانشل سیکٹر انکم فنڈ

فنڈ نے مجموعی طور پر روپے کی کل اور خالص آمدنی حاصل کی۔ 9.33 ارب روپے بالترتیب 8.59 بلین۔ 30 جون 2024 تک فنڈ کا مجموعی حجم 60.67 بلین تھا۔ ہر منصوبے کی کارکردگی ذیل میں پیش کی گئی ہے۔

### ایچ بی ایل فنانشل سیکٹر انکم فنڈ - پلان I

فنڈ کی کل آمدنی اور خالص آمدنی روپے تھی۔ 8.68 ارب روپے 30 جون 2024 کو ختم ہونے والی مدت کے دوران بالترتیب 7.96 بلین روپے۔ فنڈ کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 102.0570 فی یونٹ 30 جون 2024 تک، روپے کے منافع کو شامل کرنے کے بعد۔ 19.9619 فی یونٹ، روپے کے مقابلے میں 30 جون 2023 تک 100.8692 فی یونٹ، اس طرح 22.11 فیصد سالانہ منافع ملتا ہے۔ اسی مدت کے دوران، بینچ مارک (6 ماہ KIBOR) کی واپسی 18.82% تھی۔ فنڈ کا حجم روپے تھا۔ 30 جون 2024 تک 50.71 بلین روپے کے مقابلے میں سال کے آغاز میں 27.43 بلین۔

### ایچ بی ایل فنانشل سیکٹر انکم فنڈ - پلان II

فنانشل سیکٹر انکم فنڈ پلان-II نے 20 فروری 2024 کو اپنا کام شروع کیا۔

فنڈ کی کل آمدنی اور خالص آمدنی روپے تھی۔ 647.43 ارب روپے 30 جون 2024 کو ختم ہونے والی مدت کے دوران روپے تھی۔ 100.1090 فی یونٹ 30 (NAV) بالترتیب 624.64 بلین روپے۔ فنڈ کی فی یونٹ خالص اثاثہ قیمت جون 2024 تک، روپے کے منافع کو شامل کرنے کے بعد۔ 6.3693 فی یونٹ، اس طرح 18.51% کا سالانہ منافع دیتا ہے۔ اسی مدت کے دوران، بینچ مارک کی واپسی 21.26 فیصد تھی۔ فنڈ کا حجم روپے تھا۔ 30 جون 2024 تک 9.96 بلین۔

### ایچ بی ایل ٹوٹل ٹریڈری ایکسچینج ٹریڈڈ فنڈ

فنڈ کی کل آمدنی اور خالص آمدنی روپے تھی۔ 114.81 ملین روپے 30 جون 2024 کو ختم ہونے والے سال کے دوران بالترتیب 107.44 ملین روپے۔ فنڈ کی فی یونٹ خالص اثاثہ قیمت (NAV) روپے تھی۔ 101.7531 فی یونٹ 30 جون 2024 تک، روپے کے منافع کو شامل کرنے کے بعد۔ 20.00 فی یونٹ، اس طرح 21.40% کا سالانہ منافع دیتا ہے۔ اسی مدت کے دوران، بینچ مارک کی واپسی 24.97 فیصد تھی۔ فنڈ کا حجم روپے تھا۔ 30 جون 2024 تک 509 ملین روپے کے مقابلے میں سال کے آغاز میں 501 ملین۔

### ایچ بی ایل محفوظ منافع فنڈ

ایچ بی ایل محفوظ منافع فنڈ (فنڈ) نے اپنا پلان 18 II مئی 2023 کو شروع کیا اور 09 اگست 2023 کو پختہ ہوا۔ فنڈ نے اپنا پلان-31 جنوری 2024 کو شروع کیا۔ ہر پلان کی کارکردگی ذیل میں پیش کی گئی ہے۔

### ایچ بی ایل محفوظ منافع فنڈ پلان II

منصوبے کی کل آمدنی اور خالص آمدنی روپے تھی۔ 69.07 ملین اور روپے 01 جولائی 2023 سے پلان کی پختگی تک کی مدت کے لیے بالترتیب 64.28 ملین۔ 30 جون 2024 تک خالص اثاثے NIL ہیں کیونکہ تمام خالص اثاثے اس کے سرمایہ کاروں کو میچورٹی پر تقسیم کیے جاتے ہیں۔



## ایچ بی ایل محفوظ منصفہ فنڈ پلان-ا

منصوبے کی کل آمدنی اور خالص آمدنی روپے تھی۔ 430.38 ملین اور روپے 31 جنوری 2024 سے 30 جون 2024 تک کی مدت کے لیے بالترتیب 421.42 ملین۔ 100.4630، روپے کے ڈیویڈنڈ کو شامل کرنے کے بعد۔ 7.9342، اس طرح 20.40% کے بینچ مارک ریٹرن کے مقابلے میں 20.39% کا سالانہ منافع دیتا ہے۔

مینجمنٹ کمپنی کی درجہ بندی

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے مینجمنٹ کمپنی کو 'AM-I' (AM-One) کی انتظامی معیار کی درجہ بندی کی دوبارہ تصدیق کی ہے اور تفویض کردہ درجہ بندی پر آؤٹ لک کا اندازہ 'مستحکم' پر کیا گیا ہے۔

## آڈیٹرز

30 جون 2025 کے لیے ریٹائر ہونے والے آڈیٹرز اور تقرریوں کی تفصیلات درج ذیل جدول میں فراہم کی گئی ہیں۔

نمبر	فنڈ کا نام	30 جون 2024 کو ختم ہونے والے سال کے لیے ریٹائر ہونے والے آڈیٹرز	سال 30 جون 2025 کے لیے آڈیٹرز	دوبارہ تقرری / نئی تقرری
1	HBL گورنمنٹ سیکیورٹیز فنڈ	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
2	HBL کیش فنڈ	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
3	ایچ بی ایل انرجی فنڈ	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
4	HBL ٹوٹل ٹریڈری ایکسچینج ٹریڈڈ فنڈ	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔

نمبر	فند کا نام	30 جون 2024 کو ختم ہونے والے سال کے لیے ریٹائر ہونے والے آڈیٹرز	سال 30 جون 2025 کے لیے آڈیٹرز	دوبارہ تقرری / نئی تقرری
5	HBL ایکویٹی فند	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
6	ایچ بی ایل محفوظ منافہ فند	بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
7	HBL فنانشل سیکٹر انکم فند	بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
8	ایچ بی ایل انکم فند	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
9	HBL منی مارکیٹ فند	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
10	ایچ بی ایل اسٹاک فند	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
11	ایچ بی ایل گروتھ فند	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
12	ایچ بی ایل انویسٹمنٹ فند	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تعینات کیا گیا۔
13	HBL ملٹی ایسٹ فند	کے پی ایم جی تاثیر بادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	نئی تقرری

## یونٹ ہولڈنگ کا پیٹرن

یونٹ ہولڈنگ کے پیٹرن سے متعلق تفصیلات فنڈز کے متعلقہ مالی بیانات میں فراہم کی گئی ہیں۔ سائز کے لحاظ سے یونٹ ہولڈنگ کی تقسیم متعلقہ فنڈز کی سالانہ فنڈ مینیجر رپورٹ کے متعلقہ حصے میں فراہم کی گئی ہے۔

## اعتراف

بورڈ اس موقع سے اپنے قابل قدر یونٹ ہولڈرز کے اعتماد اور سرپرستی کا شکریہ ادا کرتا ہے۔ یہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور ڈیجیٹل کسٹوڈین کمپنی لمیٹڈ کی بطور ٹرسٹیز، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی طرف سے فراہم کردہ مدد اور رہنمائی کے لیے اپنی تعریف ریکارڈ پر رکھنا چاہتا ہے۔

بورڈ عملے کی محنت اور لگن کے لیے اپنی تعریف کو ریکارڈ پر رکھنا چاہتا ہے۔

بورڈ آف کی جانب سے

HBL Asset Management Limited

چیف ایگزیکٹو آفیسر



**HBL** Money Market Fund

## FUND INFORMATION

NAME OF FUND	HBL Money Market Fund
NAME OF AUDITOR	A.F. Ferguson & Co.
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF BANKERS	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Askari Bank Limited Samba Bank Limited Zarai Taraqati Bank Limited United Bank Limited Sindh Bank Limited JS Bank Limited Soneri bank limited Dubai Islamic Bank MCB
FUND RATING	AA+(f) (VIS)

### Type and Category of Fund

Open end Money Market Fund

### Investment Objective and Accomplishment of Objective

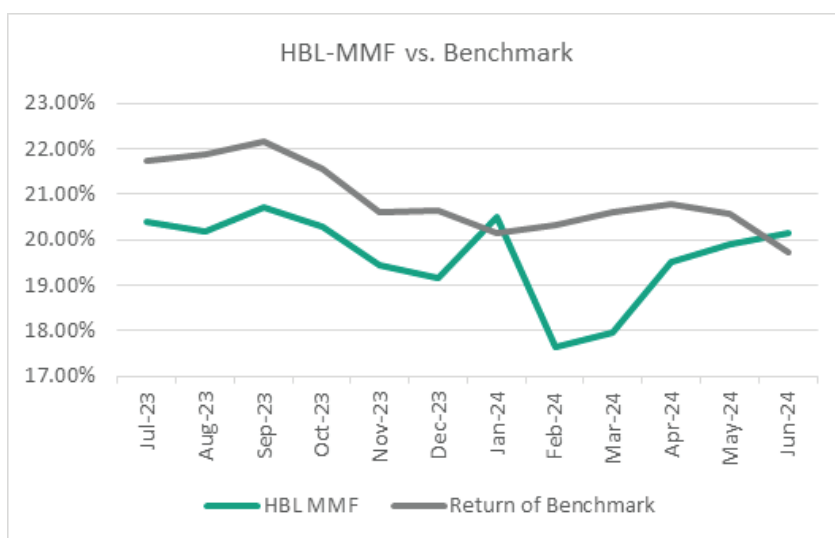
The investment objective of the Fund is to seek high liquidity and competitive return for investors by investing in low risk securities of shorter duration and maturity. The investment objective is achieved.

### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is 70% 3 – Month PKRV + 30% 3 – Month Deposit Rate of 3 AA and above rated Banks as per MUFAP.

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

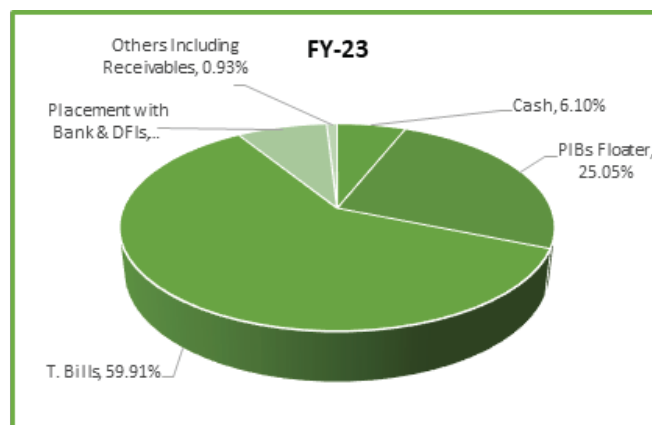
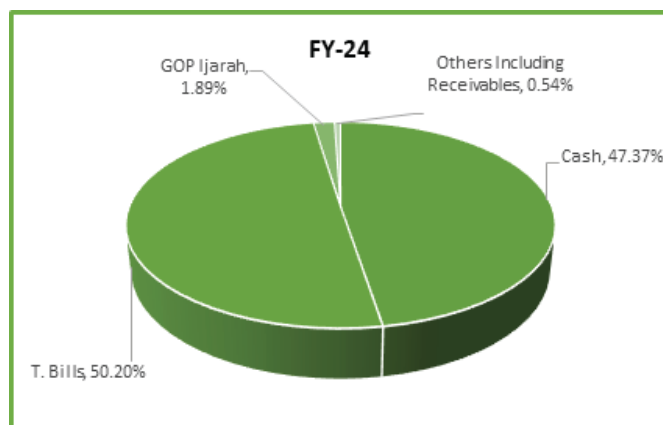
Month	HBL-MMF	Benchmark
Jun-24	20.15%	19.73%
May-24	19.89%	20.55%
Apr-24	19.51%	20.77%
Mar-24	17.97%	20.60%
Feb-24	17.63%	20.34%
Jan-24	20.51%	20.16%
Dec-23	19.17%	20.65%
Nov-23	19.43%	20.62%
Oct-23	20.29%	21.55%
Sep-23	20.72%	22.15%
Aug-23	20.18%	21.89%
Jul-23	20.38%	21.74%



### Strategies and Policies employed during the Year

During the year, the fund's major investments were in short term Treasury Bills comprising 50.20% of total assets and as placements in DPAs making up 47.37% of total assets. GoP Ijara Sukuk constituted 1.89% of total assets. HBL Money Market Fund posted an annualized return (YTD) of 19.61% against the benchmark return of 21.00% in FY24. In-line with the investment policy of the Fund, major investments were in the form of short maturity T-Bills. The fund has negotiated attractive rates with banks which would continue to augment returns.

### Asset Allocation





## Significant Changes in Asset Allocation during the Year

No major changes were made in asset allocation during the year due to nature of the fund. The fund was majorly invested in short term Government Securities, placements with DFIs while some exposures were maintained in Cash as well.

## Fund Performance

The total income and net income of the Fund was Rs. 4.34 billion and Rs. 3.91 billion respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 103.4401 per unit as on June 30, 2024 as compared to Rs. 103.0279 per unit as on June 30, 2023, after incorporating dividend of Rs. 21.75 per unit, thereby giving an annualized return of 21.54%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 20.90%. The size of Fund was Rs. 22.48 billion as on June 30, 2024 as compared to Rs.13.33 billion at the start of the year.

## 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.

## Distribution

The Fund has distributed cash dividend up-to Rs. 21.75 per unit for the year ended June 30, 2024.

## Significant Changes in the State of Affairs

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

## Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	4,780	87,753
101 – 500	778	174,923
501 – 1,000	215	152,899
1,001 – 10,000	772	4,127,502
10,001 – 100,000	1,377	48,360,284
100,001 – 500,000	255	55,997,880
500,001 – 1,000,000	48	31,196,824
1,000,001 – 5,000,000	26	51,662,359
5,000,001 and more	2	25,573,602
<b>Total</b>	<b>8,253</b>	<b>217,334,026</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

# PERFORMANCE TABLE – HBL MONEY MARKET FUND

As at June 30, 2024

	For the period ended June 30, 2024	For the period ended June 30, 2023	For the period ended June 30, 2022	For the period ended June 30, 2021	For the period ended June 30, 2020	For the period ended June 30, 2019
<b>NET ASSETS AND PRICES</b>						
Net assets at the period end (Rs '000)	22,481,059	13,226,208	15,598,673	12,836,970	9,977,368	6,252,738
Net asset value per unit at the period end/period end(Rs)	103.4401	103.0279	102.8274	102.6193	102.3799	102.2200
Selling price/repurchasing price	104.6297	104.1921	103.9893	103.7789	102.3799	103.3751
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest selling price per unit(Rs)	126.0011	120.8635	114.1003	110.3250	116.0114	111.7235
Lowest selling price per unit(Rs)	104.1921	103.9898	103.8002	103.5368	103.4401	102.1026
Highest repurchase price per unit(Rs)	124.5932	119.5130	112.8254	109.0923	114.7151	110.4751
Lowest repurchasing price per unit(Rs)	103.0279	102.8278	102.6404	102.7990	102.2843	102.0607
<b>RETURN ( % )</b>						
Total return	21.54%	16.66%	10.26%	6.84%	12.38%	8.47%
Income distribution	21.14%	16.44%	9.78%	6.75%	12.50%	8.45%
Capital growth	0.40%	0.22%	0.48%	0.09%	-0.12%	0.02%
<b>DISTRIBUTION</b>						
Final dividend distribution	21.75	16.90	9.78	6.75	12.5	8.45
Total dividend distribution for the year/ period	21.75	16.90	9.78	6.75	12.50	8.45
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	21.54%	16.66%	10.26%	6.84%	12.38%	8.47%
Average annual return 2 year	19.08%	13.41%	8.54%	9.57%	10.41%	6.89%
Average annual return 3 year	16.06%	11.18%	9.80%	9.21%	9.07%	6.74%
Weighted average portfolio during (No. of days)	65	55	15	1	33	15
<b>PORTFOLIO COMPOSITION (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	47.37%	6.10%	86.09%	99.40%	70.74%	70.15%
T. Bills	50.20%	59.91%	0.00%	0.00%	26.31%	0.00%
Placement with banks & DFIs	0.00%	8.01%	0.00%	0.00%	0.00%	8.61%
Government Securities	1.89%	25.05%	0.00%	0.00%	0.00%	7.07%
Commercial Paper	0.00%	0.00%	6.63%	0.00%	3.04%	13.37%
TFC / Sukuks	0.29%	0.00%	5.91%	0.00%	0.00%	0.00%
Others including Receivables	0.26%	0.93%	1.37%	0.60%	0.31%	0.80%

## Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL MONEY MARKET FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 27, 2024





A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of HBL Money Market Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HBL Money Market 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 movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investment of the Fund as at June 30, 2024 amounted to Rs. 10,924.488 million and Rs. 12,078.457 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>obtained independent confirmations for verifying the existence of the bank balances and investment portfolio as at June 30, 2024 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

A.F.C.O.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

*A.F. Ferguson & Co.*  
A. F. Ferguson & Co.  
Chartered Accountants

Karachi

Dated: September 27, 2024

UDIN: AR202410061utrb08AmF



**HBL Money Market Fund**  
**Statement of Assets and Liabilities**  
*AS AT JUNE 30, 2024*

	Note	2024	2023
		----- Rupees in '000 -----	
<b>ASSETS</b>			
Bank balances	4	10,924,488	898,563
Investments	5	12,078,457	12,772,891
Interest / profit accrued	6	55,433	118,727
Deposits and prepayments	7	3,732	105
<b>Total assets</b>		23,062,110	13,790,286
<b>LIABILITIES</b>			
Payable to HBL Asset Management Limited - Management Company	8	90,182	40,663
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,242	746
Payable to the Securities and Exchange Commission of Pakistan	10	1,494	2,814
Payable against redemption of units		-	163,780
Dividend payable		1,730	60,109
Accrued expenses and other liabilities	11	486,403	295,966
<b>Total liabilities</b>		581,051	564,078
<b>NET ASSETS</b>		<u>22,481,059</u>	<u>13,226,208</u>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<u>22,481,059</u>	<u>13,226,208</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>	19	<u>217,334,026</u>	<u>128,374,982</u>
		----- Rupees -----	
<b>NET ASSET VALUE PER UNIT</b>	3.7	<u>103.4401</u>	<u>103.0279</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

**HBL Money Market Fund**  
**Income Statement**  
For the year ended June 30, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
<b>INCOME</b>			
Interest / profit earned	20	3,583,366	2,014,370
Profit on savings accounts with banks	13	734,250	468,815
Gain / (loss) on sale of investments - net		4,290	(2,208)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.6	14,540	(1,788)
		18,830	(3,996)
<b>Total income</b>		4,336,446	2,479,189
<b>EXPENSES</b>			
Remuneration of HBL Asset Management Limited - Management Company	8.1 & 8.2	147,700	97,172
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 & 9.2	12,414	8,743
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	14,942	2,814
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	110,238	92,216
Selling and marketing expenses	8.4	141,186	92,216
Securities transaction costs		1,154	663
Settlement and bank charges		381	423
Auditors' remuneration	14	1,252	789
Printing and stationary		139	-
Fees and subscription		324	344
<b>Total expenses</b>		429,730	295,380
<b>Net income for the year before taxation</b>		3,906,716	2,183,809
Taxation		-	-
<b>Net income for the year after taxation</b>		3,906,716	2,183,809
<b>Earnings per unit</b>	17		
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		3,906,716	2,183,809
Income already paid on redemption of units		(1,638,797)	(979,441)
		2,267,919	1,204,368
<b>Accounting income available for distribution:</b>			
- Relating to capital gain		12,975	-
- Excluding capital gain		2,254,944	1,204,368
		2,267,919	1,204,368

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2024	2023
	----- Rupees in '000 -----	
Net income for the year after taxation	3,906,716	2,183,809
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u><u>3,906,716</u></u>	<u><u>2,183,809</u></u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

**HBL Money Market Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2024

	2024			2023		
	Capital value	Undistribut ed income	Total	Capital value	Undistribut ed income	Total
	Rupees in '000					
<b>Net assets at the beginning of the year</b>	13,154,188	72,020	13,226,208	15,548,448	50,225	15,598,673
Issuance of 838,771,960 units (2023: 498,015,006 units)						
- Capital value (at net asset value per unit at the beginning of the year)	86,416,914	-	86,416,914	51,209,588	-	51,209,588
- Element of income	7,981,777	-	7,981,777	3,937,194	-	3,937,194
<b>Total proceeds on issuance of units</b>	94,398,691	-	94,398,691	55,146,782	-	55,146,782
Redemption of 749,812,916 units (2023: 521,337,614 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(77,251,650)	-	(77,251,650)	(53,607,791)	-	(53,607,791)
- Element of loss	(6,429,280)	(1,638,797)	(8,068,077)	(3,098,059)	(979,441)	(4,077,500)
<b>Total payment on redemption of units</b>	(83,680,930)	(1,638,797)	(85,319,727)	(56,705,850)	(979,441)	(57,685,291)
Total comprehensive income for the year	-	3,906,716	3,906,716	-	2,183,809	2,183,809
Final distribution for the year ended June 30, 2024 ( cash distribution @ Rs 21.75 per unit declared on June 21, 2024)	-	(2,174,161)	(2,174,161)	-	-	-
Final distribution For the year ended June 30, 2024 ( cash distribution @ Rs 16.9 per unit declared on June 23, 2023)	-	-	-	-	(1,182,573)	(1,182,573)
Refund of capital	(1,556,668)	-	(1,556,668)	(835,192)	-	(835,192)
<b>Net income for the year less distribution and refund of capital</b>	(1,556,668)	1,732,555	175,887	(835,192)	1,001,236	166,044
<b>Net assets at the end of the year</b>	<u>22,315,281</u>	<u>165,778</u>	<u>22,481,059</u>	<u>13,154,188</u>	<u>72,020</u>	<u>13,226,208</u>
<b>Undistributed income brought forward comprising of:</b>						
- Realised income		73,808			50,225	
- Unrealised income		(1,788)			-	
		<u>72,020</u>			<u>50,225</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		12,975			-	
- Excluding capital gains		2,254,944			1,204,368	
		2,267,919			1,204,368	
Distribution during the year		(2,174,161)			(1,182,573)	
Undistributed income carried forward		<u>165,778</u>			<u>72,020</u>	
<b>Undistributed income carried forward comprising of:</b>						
- Realised income		151,238			73,808	
- Unrealised gain / (loss)		14,540			(1,788)	
		<u>165,778</u>			<u>72,020</u>	
		(Rupees)			(Rupees)	
<b>Net asset value per unit at the beginning of the year</b>		<u>103.0279</u>			<u>102.8274</u>	
<b>Net asset value per unit at the end of the year</b>		<u>103.4401</u>			<u>103.0279</u>	

The annexed notes from 1 to 31 form an integral part of these financial statements.  
**For HBL Asset Management Limited**  
**(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

	Note	2024	2023
		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		3,906,716	2,183,809
<b>Adjustments for:</b>			
Interest / profit earned		(3,583,366)	(2,014,370)
Profit on savings accounts with banks		(734,250)	(468,815)
Gain / (loss) on sale of investments - net		(4,290)	2,208
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(14,540)	1,788
		(429,730)	(295,380)
<b>(Increase) / decrease in assets</b>			
Investments - net		(7,222,822)	(1,460,201)
Deposits and prepayments		(3,627)	-
		(7,226,449)	(1,460,201)
<b>Increase / (decrease) in liabilities</b>			
Payable to HBL Asset Management Limited - Management Company		49,519	(1,136)
Payable to Central Depository Company of Pakistan Limited - Trustee		496	25
Payable to the Securities and Exchange Commission of Pakistan		(1,320)	(25)
Accrued expenses and other liabilities		190,437	103,690
		239,132	102,554
Profit received on bank deposits		729,267	594,127
Interest received on investments		3,651,643	1,969,053
<b>Net cash generated from operating activities</b>		(3,036,137)	910,153
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		94,398,691	55,146,782
Payment against redemption and conversion of units		(85,483,507)	(57,521,511)
Refund of capital		(1,556,668)	(835,192)
Cash dividend paid		(2,232,541)	(1,131,725)
<b>Net cash generated from / (used in) financing activities</b>		5,125,975	(4,341,646)
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		2,089,839	(3,431,493)
Cash and cash equivalents at beginning of the year		10,229,734	13,661,227
<b>Cash and cash equivalents at end of the year</b>	18	12,319,573	10,229,734

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

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

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

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

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

- 1.1 HBL Money Market Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between HBL Asset Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on March 18, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 9, 2010. During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been registered as Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual fund categorised as 'Money Market Scheme' and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at par from July 12, 2010 to July 14, 2010.
- 1.4 The principal objective of the Fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.
- 1.5 VIS Credit Rating Company Limited (VIS) has assigned the Management Quality Rating to AM-I (2023: AM) dated December 29, 2023 and the outlook on the rating has been assigned as 'Stable' (2023 : 'Stable') and the Fund stability rating of AA+(f) dated January 2, 2024 (2023: AA+(f)). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

**2 BASIS OF PREPARATION**

**2.1 Statements of compliance**

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

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

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

## **2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and, therefore, have not been disclosed in these financial statements except for the following:

During the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that these provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

## **2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or will not have any material effect on the Fund's financial statements except for the following:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB, IFRS 18 is yet to be applicable in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

## **2.4 Significant accounting estimates and judgments**

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5) and provision for Federal excise duty (note 11.1).

## **2.5 Accounting convention**

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



## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## **3 MATERIAL ACCOUNTING POLICY INFORMATION**

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

### **3.2 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

### **3.3 Financial assets**

#### **3.3.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

#### **3.3.2 Classification and subsequent measurement**

##### **Debt instrument**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVTPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVTPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

#### **3.3.3 Impairment**

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### **3.3.4 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

#### **3.3.5 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

#### **3.3.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### **3.4 Financial liabilities**

#### **3.4.1 Classification and subsequent measurement**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

#### **3.4.2 Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

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

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

### **3.6 Provisions**

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

**3.7 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 circulation at the year end.

**3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the application received by the Management Company / distributors during business hours on that day. The offer price represents the NAV as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

**3.9 Distribution to unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

**3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

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

**3.11 Revenue recognition**

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Income from investments in corporate sukuk certificates, government securities and letter of placements is recognised on an accrual basis using effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the year in which these arise.
- Interest income on bank balances and commercial paper is recognised on an accrual basis.

### 3.12 Expenses

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

### 3.13 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.14 Earnings per unit

Earnings per unit (EPU) is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 17.

### 3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

		Note	2024	2023
			----- Rupees in '000 -----	
<b>4</b>	<b>BANK BALANCES</b>			
	Saving accounts	4.1	<u>10,924,488</u>	<u>898,563</u>
4.1	These include a balance of Rs. 10,917.597 million (2023: Rs. 98.907 million) with Habib Bank Limited (a related party) and this account carries profit at the rates ranging from 17.5% to 22.5% (2023: 13.5% to 19.5%). Other savings accounts of the Fund carry profit at the rates ranging from 19.5% to 22.65% (2023: 8% to 22.65%) per annum.			
<b>5</b>	<b>INVESTMENTS</b>	Note	2024	2023
			----- Rupees in '000 -----	
	<b>At fair value through profit or loss</b>			
	- Government securities - Market Treasury Bills	5.1	11,577,700	8,231,171
	- Government securities - Pakistan Investment Bonds	5.2	-	3,441,720
	- GOP Ijarah Sukuk	5.3	434,757	-
	- Letter of placements	5.4	-	1,100,000
	- Corporate sukuk certificate	5.5	66,000	-
			<u>12,078,457</u>	<u>12,772,891</u>

### 5.1 Government securities - Market Treasury Bills

Name of the security	Issue date	Face value (Rupees in '000)				Rupees in '000			Market value as a percentage of	
		As at July 1, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation/ (diminution)	total investments	net asset
------(%)-----										
Market Treasury Bills - 3 - months										
Market treasury bills	April 20, 2023	-	672,000	672,000	-	-	-	-	-	-
Market treasury bills	May 4, 2023	1,000,000	2,000,000	3,000,000	-	-	-	-	-	-
Market treasury bills	May 18, 2023	-	2,350,000	2,350,000	-	-	-	-	-	-
Market treasury bills	June 1, 2023	-	27,105,000	27,105,000	-	-	-	-	-	-
Market treasury bills	June 15, 2023	7,550,000	19,723,000	27,273,000	-	-	-	-	-	-
Market treasury bills	June 22, 2023	-	15,610,400	15,610,400	-	-	-	-	-	-
Market treasury bills	July 13, 2023	-	325,000	325,000	-	-	-	-	-	-
Market treasury bills	July 25, 2023	-	4,455,000	4,455,000	-	-	-	-	-	-
Market treasury bills	August 10, 2023	-	35,795,000	35,795,000	-	-	-	-	-	-
Market treasury bills	August 24, 2023	-	15,180,000	15,180,000	-	-	-	-	-	-
Market treasury bills	September 7, 2023	-	3,431,000	3,431,000	-	-	-	-	-	-
Market treasury bills	September 21, 2023	-	13,575,000	13,575,000	-	-	-	-	-	-
Market treasury bills	October 5, 2023	-	1,812,745	1,812,745	-	-	-	-	-	-
Market treasury bills	October 19, 2023	-	4,200,000	4,200,000	-	-	-	-	-	-
Market treasury bills	November 2, 2023	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills	November 16, 2023	-	1,450,000	1,450,000	-	-	-	-	-	-
Market treasury bills	November 30, 2023	-	2,047,525	2,047,525	-	-	-	-	-	-
Market treasury bills	December 28, 2023	-	8,226,000	8,226,000	-	-	-	-	-	-
Market treasury bills	January 11, 2024	-	250,000	250,000	-	-	-	-	-	-
Market treasury bills	January 25, 2024	-	10,000	10,000	-	-	-	-	-	-
Market treasury bills	March 7, 2024	-	2,452,000	2,452,000	-	-	-	-	-	-
Market treasury bills	March 21, 2024	-	3,050,000	3,050,000	-	-	-	-	-	-
Market treasury bills	April 4, 2024	-	1,800,000	1,800,000	-	-	-	-	-	-
Market treasury bills	April 9, 2024	-	100,000	100,000	-	-	-	-	-	-
Market treasury bills	April 18, 2024	-	158,800	158,800	-	-	-	-	-	-
Market treasury bills	May 16, 2024	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills	May 30, 2024	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills	May 2, 2024	-	925,000	-	925,000	912,452	912,693	241	8%	4%
Market treasury bills	June 13, 2024	-	500,000	-	500,000	482,725	482,392	(333)	4%	2%
Market Treasury Bills - 6 - months										
Market treasury bills	March 27, 2023	-	8,022,000	8,022,000	-	-	-	-	-	-
Market treasury bills	June 22, 2023	-	2,539,600	2,539,600	-	-	-	-	-	-
Market treasury bills	October 19, 2023	-	11,000,000	11,000,000	-	-	-	-	-	-
Market treasury bills	November 2, 2023	-	3,294,000	3,294,000	-	-	-	-	-	-
Market treasury bills	November 30, 2023	-	2,100,000	2,100,000	-	-	-	-	-	-
Market treasury bills	January 11, 2024	-	250,000	250,000	-	-	-	-	-	-
Market treasury bills	May 30, 2024	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills	June 13, 2024	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills	April 18, 2024	-	450,000	-	450,000	424,267	424,701	434	4%	2%
Market Treasury Bills - 1 - year										
Market treasury bills	August 25, 2022	-	9,475,000	9,475,000	-	-	-	-	-	-
Market treasury bills	November 3, 2022	-	250,000	250,000	-	-	-	-	-	-
Market treasury bills	April 6, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
Market treasury bills	June 15, 2023	-	3,625,000	3,625,000	-	-	-	-	-	-
Market treasury bills	July 13, 2023	-	17,103,000	17,103,000	-	-	-	-	-	-
Market treasury bills	October 19, 2023	-	3,100,000	100,000	3,000,000	2,825,322	2,831,341	6,019	23%	13%
Market treasury bills	November 2, 2023	-	7,276,000	2,206,000	5,070,000	4,744,770	4,748,904	4,134	39%	21%
Market treasury bills	November 16, 2023	-	4,954,880	4,600,000	354,880	329,257	330,094	837	3%	1%
Market treasury bills	November 30, 2023	-	2,000,000	-	2,000,000	1,847,190	1,847,575	385	15%	8%
Total as at June 30, 2024		8,550,000	246,142,950	242,393,070	12,299,880	11,565,982	11,577,700	11,718		
Total as at June 30, 2023		-	281,571,159	273,021,159	8,550,000	8,234,660	8,231,171	(3,489)		

**5.1.1** These carry yield ranging from 19.99% and 21.66% per annum. These have maturities upto November 28, 2024.

**5.2 Government securities - Pakistan Investment Bonds**

Issue date	Tenor	Face value (Rupees in '000)				Rupees in '000			Market value as a percentage of	
		As at July 1, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation/ (diminution)	total	net
									invest-ments	asset
----- % -----										
August 26, 2021	5 years	3,450,000	-	3,450,000	-	-	-	-	-	-
July 17, 2014	10 years	-	11,925,000	11,925,000	-	-	-	-	-	-
October 7, 2021	3 years	-	2,197,500	2,197,500	-	-	-	-	-	-
December 30, 2021	2 years	-	6,420,000	6,420,000	-	-	-	-	-	-
September 8, 2022	2 years	-	1,120,000	1,120,000	-	-	-	-	-	-
Total as at June 30, 2024						-	-	-		
Total as at June 30, 2023						3,440,019	3,441,720	1,701		

**5.3 GOP Ijarah Sukuk**

Name of the security	Issue date	Face value (Rupees in '000)				Rupees in '000			Market value as a percentage of	
		As at July 1, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	total investment	net asset
----- (%) -----										
Ijarah Sukuk - P01GIS250425	April 26, 2024	-	500,000	-	500,000	431,935	434,757	2,822	3.60%	1.93%
Total as at June 30, 2024						431,935	434,757	2,822		
Total as at June 30, 2023						-	-	-		

**5.3.1** The GOP Ijarah carries yield of 20% per annum and are maturing on April 25, 2025.

**5.4 Letter of placements**

Name of investee company	Maturity date	Face value (Rupees in '000)				Rupees in '000		Market value as a percentage of	
		As at July 01, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	total investment	net asset
----- % -----									
Bank AlFalah Limited	July 6, 2023	1,100,000	400,000	1,500,000	-	-	-	-	-
Pak Oman Investment Company Limited	July 7, 2023	-	1,450,000	1,450,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	July 12, 2023	-	1,400,000	1,400,000	-	-	-	-	-
Pak Oman Investment Company Limited	July 17, 2023	-	1,600,000	1,600,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	July 14, 2023	-	1,000,000	1,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	July 21, 2023	-	1,200,000	1,200,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	August 11, 2023	-	1,200,498	1,200,498	-	-	-	-	-
Pak Oman Investment Company Limited	August 10, 2023	-	1,600,000	1,600,000	-	-	-	-	-
Pak Oman Investment Company Limited	August 18, 2023	-	1,600,666	1,600,666	-	-	-	-	-
Pak Brunei Investment Company Limited	August 15, 2023	-	1,600,000	1,600,000	-	-	-	-	-
Pak Brunei Investment Company Limited	August 16, 2023	-	1,600,000	1,600,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	August 16, 2023	-	1,500,000	1,500,000	-	-	-	-	-
Pak Oman Investment Company Limited	September 1, 2023	-	1,500,000	1,500,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	September 15, 2023	-	1,500,000	1,500,000	-	-	-	-	-
Pak Oman Investment Company Limited	September 8, 2023	-	1,500,621	1,500,621	-	-	-	-	-
Pak Brunei Investment Company Limited	September 15, 2023	-	400,000	400,000	-	-	-	-	-
Pak Oman Investment Company Limited	September 15, 2023	-	1,000,000	1,000,000	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	September 15, 2023	-	1,000,000	1,000,000	-	-	-	-	-

Name of investee company	Maturity date	Face value (Rupees in '000)				Rupees in '000		Market value as a percentage of	
		As at July 01, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	total investments	net asset
								-----%	-----
Pak Kuwait Investment Company Limited	September 22, 2023	-	500,000	500,000	-	-	-	-	-
Pak Oman Investment Company Limited	October 6, 2023	-	600,000	600,000	-	-	-	-	-
Pak Brunei Investment Company Limited	October 13, 2023	-	1,300,000	1,300,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	October 13, 2023	-	1,400,000	1,400,000	-	-	-	-	-
Pak Oman Investment Company Limited	October 13, 2023	-	1,200,000	1,200,000	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	October 31, 2023	-	1,000,000	1,000,000	-	-	-	-	-
Pak Brunei Investment Company Limited	November 7, 2023	-	1,100,000	1,100,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	November 10, 2023	-	1,100,000	1,100,000	-	-	-	-	-
Pak Oman Investment Company Limited	December 8, 2023	-	1,600,000	1,600,000	-	-	-	-	-
Pak Brunei Investment Company Limited	December 14, 2023	-	600,000	600,000	-	-	-	-	-
Faysal Bank Limited	December 26, 2023	-	800,000	800,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	December 26, 2023	-	800,343	800,343	-	-	-	-	-
Pak Kuwait Investment Company Limited	December 29, 2023	-	1,200,677	1,200,677	-	-	-	-	-
Pak Brunei Investment Company Limited	February 15, 2024	-	1,201,184	1,201,184	-	-	-	-	-
Pak Brunei Investment Company Limited	February 15, 2024	-	400,000	400,000	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	February 12, 2024	-	1,000,000	1,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	January 24, 2024	-	400,000	400,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	February 2, 2024	-	1,100,000	1,100,000	-	-	-	-	-
Pak Oman Investment Company Limited	March 29, 2024	-	1,100,000	1,100,000	-	-	-	-	-
Pak Brunei Investment Company Limited	April 15, 2024	-	1,200,000	1,200,000	-	-	-	-	-
Pak Brunei Investment Company Limited	February 20, 2024	-	300,000	300,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	February 21, 2024	-	400,125	400,125	-	-	-	-	-
Pak Kuwait Investment Company Limited	February 21, 2024	-	550,000	550,000	-	-	-	-	-
Pak Brunei Investment Company Limited	February 23, 2024	-	1,000,000	1,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	March 15, 2024	-	400,000	400,000	-	-	-	-	-
Pak Brunei Investment Company Limited	March 15, 2024	-	1,200,000	1,200,000	-	-	-	-	-
Allied Bank Limited	March 5, 2024	-	1,400,000	1,400,000	-	-	-	-	-
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	March 8, 2024	-	1,000,000	1,000,000	-	-	-	-	-
United Bank Limited	March 7, 2024	-	1,600,000	1,600,000	-	-	-	-	-
United Bank Limited	March 8, 2024	-	1,600,000	1,600,000	-	-	-	-	-
Pak Brunei Investment Company Limited	March 22, 2024	-	1,500,000	1,500,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	March 22, 2024	-	1,500,000	1,500,000	-	-	-	-	-
Pak Oman Investment Company Limited	April 18, 2024	-	1,100,000	1,100,000	-	-	-	-	-
Pak Oman Investment Company Limited	April 23, 2024	-	1,000,000	1,000,000	-	-	-	-	-
Pak Brunei Investment Company Limited	June 14, 2024	-	1,100,000	1,100,000	-	-	-	-	-
Pak Oman Investment Company Limited	June 21, 2024	-	1,100,000	1,100,000	-	-	-	-	-
Pak Oman Investment Company Limited	June 21, 2024	-	1,400,000	1,400,000	-	-	-	-	-
<b>Total as at June 30, 2024</b>						<b>-</b>	<b>-</b>		
<b>Total as at June 30, 2023</b>						<b>1,100,000</b>	<b>1,100,000</b>		

## 5.5 Corporate sukuk certificate

Name of Investee Company	Rate of return	Maturity date	As at July 1, 2023	Purchased during the year	Sales / redemptions during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Percentage in relation to		
										Net assets of the Fund	Total market value of investment
			Number of certificates						Rupees in '000		%
Pharmaceuticals											
OBS Pharma (Private) Limited (February 29, 2024) Face value: Rs. 1,000,000	23.14%	August 29, 2024	-	66	-	66	66,000	66,000	0.5%	0.3%	
Total as at June 30, 2024							66,000	66,000			
Total as at June 30, 2023							-	-			



5.5.1 The Corporate Sukuk carries profit rate at 23.14% per annum and are maturing on August 29, 2024.

	Note	2024	2023
		----- Rupees in '000 -----	
<b>5.6 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>			
Market value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	12,078,457	12,772,891
Less: carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	(12,063,918)	(12,774,679)
		<u>14,540</u>	<u>(1,788)</u>

	Note	2024	2023
		----- Rupees in '000 -----	
<b>6 INTEREST / PROFIT ACCRUED</b>			
Interest / profit accrued on:			
Bank balances		50,286	45,303
Government securities - Pakistan Investment Bonds		-	73,424
Corporate sukuk certificate		5,147	-
		<u>55,433</u>	<u>118,727</u>

<b>7 DEPOSITS AND PREPAYMENTS</b>			
Security deposit with:			
- Central Depository Company of Pakistan Limited		100	100
Prepayments of fund rating and listing fee		48	5
Advance tax		3,584	-
		<u>3,732</u>	<u>105</u>

<b>8 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Remuneration payable	8.1	19,979	6,001
Sindh Sales Tax payable on remuneration of the Management Company	8.2	2,597	780
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	8.3	-	8,427
Selling and marketing expense payable	8.4	63,091	24,550
Sales load payable		4,515	905
		<u>90,182</u>	<u>40,663</u>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the Total Expense Ratio Limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate ranging from 0.50% to 1% (2023: 0.50% to 0.75%) per annum of the average daily net assets of the Fund during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its own discretion has charged at the rate ranging from 0% to 1.05% (2023: 0.60% to 0.70%) of the daily net assets of the scheme for allocation of such expenses to the Fund.

- 8.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate ranging from 0% to 1.42% (2023: 0.60% to 0.70%) during the year ended June 30, 2024 while keeping in view the overall return and Total Expense Ratio Limit of the Fund as defined under the NBFC Regulations.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
	Remuneration payable to the Trustee	9.1	1,099	660
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	143	86
			<u>1,242</u>	<u>746</u>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed at the rate of 0.055% (2023: 0.055%) per annum of the daily net assets of the Fund.

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

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
	Fee payable	10.1	<u>1,494</u>	<u>2,814</u>

- 10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.075% per annum of the daily net assets of the Fund, applicable to an "Debt Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.075% per annum of the daily net assets during the year.

Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay the SECP fee within three months of the close of accounting year.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
	Provision for federal excise duty	11.1	41,211	41,211
	Auditors' remuneration payable		688	505
	Withholding tax payable		380,333	227,441
	Capital gain tax payable		62,701	23,146
	Advance against units to be issued		-	2,500
	Zakat payable		1,063	840
	Brokerage payable		407	323
			<u>486,403</u>	<u>295,966</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 41.211 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.19 (2023: Re. 0.32) per unit.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

	2024	2023
	----- (Rupees in '000) -----	
<b>13 PROFIT ON SAVINGS ACCOUNTS WITH BANKS</b>		
Interest / profit on:		
Savings accounts	734,250	468,815
	<u>734,250</u>	<u>468,815</u>
<b>14 AUDITORS' REMUNERATION</b>		
Annual audit fee	467	479
Half yearly review	311	185
Certification and other services	264	-
Out of pocket expenses	117	66
Sales tax	93	59
	<u>1,252</u>	<u>789</u>

## 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 1.99% (2023: 1.98%) which includes 0.17% (2023: 0.10%) representing government levies on the Fund such as sales taxes, annual fee to the SECP etc. This maximum ratio limit as prescribed under the NBFC Regulation for a collective investment scheme categorised as an 'Money Market Scheme' is 2% which is required to be complied on an annual basis by the Fund.

**16 TAXATION**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

**17 EARNINGS PER UNIT**

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

	2024	2023
	----- Rupees in '000 -----	
<b>18 CASH AND CASH EQUIVALENTS</b>		
Balances with banks in savings accounts	10,924,488	898,563
Government securities - Market Treasury Bills	1,395,085	8,231,171
Letter of placements	-	1,100,000
	<u>12,319,573</u>	<u>10,229,734</u>

	2024	2023
	----- Number of units -----	
<b>19 NUMBER OF UNITS IN ISSUE</b>		
Total outstanding as of July 01	128,374,982	151,697,590
Add: issued during the year	838,771,960	498,015,006
Less: redeemed during the year	(749,812,916)	(521,337,614)
Total units in issue as of June 30	<u>217,334,026</u>	<u>128,374,982</u>

	2024	2023
	----- Rupees in '000 -----	
<b>20 INTEREST / PROFIT EARNED</b>		
Interest / profit on:		
Government securities- Market Treasury Bills and		
Pakistan Investment Bonds	3,273,724	1,585,950
Corporate sukuk certificates	5,147	196,737
Letter of placements	289,420	158,324
Commercial papers	-	73,359
GOP Ijarah	15,075	-
	<u>3,583,366</u>	<u>2,014,370</u>

**21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at the terms determined in accordance with market rates.

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

21.1	Transactions during the year	2024	2023
		----- Rupees in '000 -----	
	<b>HBL Asset Management Limited - Management Company</b>		
	Management remuneration including sales tax thereon	147,700	97,172
	Allocation of expenses related to registrar services, accounting, operation and valuation services	110,238	92,216
	Selling and marketing expenses	141,186	92,216
	Issuance of 336,135 units (2023: nil units)	35,000	-
	Redemption of 336,135 units (2023: nil units)	35,020	-
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	139	423
	Profit earned on bank deposits	34,500	73,425
	Redemption of nil units (2023: 4,603,276 units)	-	489,508
	Purchase of Market Treasury Bills	41,321,567	-
	Sale of Market Treasury Bills	44,303,857	-
	Purchase of Pakistan Investment Bonds	13,799,970	-
	Sale of Pakistan Investment Bonds	13,819,475	-
	<b>HBL Micro Finance Bank Limited</b>		
	Sale of Market Treasury Bills	124,050	-
	<b>Habib Bank Limited - Treasury Division</b>		
	Redemption of nil units (2023: 681,844 units)	-	72,507
	<b>HBL Asset Management Limited Employees Gratuity Fund - Associate</b>		
	Dividend paid	536	233
	Issuance of 5,201 units (2023: 24,637 units)	660	2,657
	<b>HBL Asset Management Limited Employees Provident Fund - Associate</b>		
	Dividend paid	1,864	812
	Issuance of 18,090 units (2023: 85,693 units)	1,864	9,244
	<b>MCBFSL Trustee HBL Financial Planning Fund</b>		
	<b>Active Allocation Plan - Associate</b>		
	Redemption of nil units (2023: 11,931 units)	-	1,308

	2024	2023
	----- Rupees in '000 -----	
<b>MCBFSL Trustee HBL Financial Planning Fund</b>		
<b>Conservative Allocation Plan - Associate</b>		
Issuance of nil units (2023: 2,121 units)	-	218
Redemption of 15,028 units (2023: 47,588 units)	1,669	5,045
Dividend paid	-	218
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration including sales tax thereon	12,414	8,743
<b>CDC Trustee HBL Government Securities Fund -</b>		
<b>Fund under common management</b>		
Purchase of Market Treasury Bills	107,588	-
<b>CDC Trustee HBL Pension Fund - Fund under common management</b>		
Purchase of Market Treasury Bills	1,098,880	-
<b>CDC Trustee HBL - Total Treasury Exchange Traded Fund</b>		
<b>Fund under common management</b>		
Purchase of Market Treasury Bills	570,968	-
<b>CDC Trustee HBL Financial Sector Income Fund -</b>		
<b>Fund under common management</b>		
Purchase of Market Treasury Bills	349,374	1,700,000
<b>CDC Trustee HBL Cash Fund - Fund under common management</b>		
Purchase of Market Treasury Bills	1,958,853	1,075,000
Sale of Market Treasury Bills	1,306,811	1,350,000
Sale of Commercial Paper LEPCL - ICP	-	302,555
<b>Jubilee Life Insurance Company Limited - Common Directorship</b>		
Purchase of Market Treasury Bills	1,721,087	-
<b>Jaffer Brothers (Private) Limited And Associated Companies</b>		
<b>Staff Provident Fund</b>		
Issuance of nil units (2023: 1,155 units)	-	119
Redemption of nil units (2023: 1,155 units)	-	137
<b>Directors, executives and key management personnel</b>		
Issuance of 457,163 units (2023: 193,328 units)	49,905	28,108
Redemption of 296,695 units (2023: 158,391 units)	33,046	24,707
Dividend paid	1,585	1,137
<b>Muhammad Arshad</b>		
<b>Connected Person - due to holding more than 10%</b>		
Issuance of Nil units (2023: 27,683 units)	-	2,852
Redemption of 209,878 units (2023: 1,771 units)	3,121	200
Dividend paid	-	1,852
<b>Riaz Textile Mills (Private) Limited</b>		
<b>Connected Person - due to holding more than 10%</b>		
Issuance of Nil units (2023: 36,534 units)	-	4,260
Redemption of 36,534 units (2023: Nil units)	3,770	-
Dividend paid	-	28

	2024	2023
	----- Rupees in '000 -----	
<b>Saleem Majidulla</b>		
<b>Connected Person - due to holding more than 10%</b>		
Issuance of Nil units (2023: 21 units)	-	2
Redemption of 200 units (2023: Nil units)	25	-
Dividend paid	-	3
<b>Amjad Maqsood</b>		
<b>Connected Person - due to holding more than 10%</b>		
Issuance of 3,212 units (2023: Nil units)	322	-
Redemption of 17,847 units (2023: Nil units)	2,050	-
Dividend paid	379	-
<b>Rafiuddin Zakir Mahmood</b>		
<b>Connected Person - due to holding more than 10%</b>		
Issuance of 2,087 units (2023: Nil units)	230	-
Dividend paid	23	-
<b>Ibrahim Holdings (Private) Limited</b>		
<b>Connected Person - due to holding more than 10%</b>		
Issuance of 43,226 units (2023: Nil units)	4,991	-
Redemption of 43,226 units (2023: Nil units)	5,019	-
<b>21.2 Balance outstanding as at year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration payable to the Management Company including sales tax thereon	22,576	6,781
Sales load payable	4,515	905
Selling and marketing expense payable	63,091	24,550
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	-	8,427
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	10,917,597	98,907
Profit accrued on bank deposits	1,837	1,837
<b>HBL Asset Management Limited Employees Gratuity Fund - Associate</b>		
Outstanding: 29,837 units (2023: 24,637 units)	3,086	2,538
<b>HBL Asset Management Limited Employees Provident Fund - Associate</b>		
Outstanding: 103,783 units (2023: 85,693 units)	10,713	8,829
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative     Allocation Plan - Associate</b>		
Outstanding: Nil units (2023: 15,028 units)	-	1,548
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to trustee including sales tax thereon	1,242	746
<b>Directors, executives and key management personnel</b>		
Outstanding: 217,003 units (2023: 56,535 units)	22,447	5,825
<b>Muhammad Arshad</b>		
<b>Connected Person - due to holding more than 10%</b>		
Outstanding: Nil units (2023: 209,878 units)	-	21,623



	2024	2023
	----- Rupees in '000 -----	
<b>Riaz Textile Mills (Private) Limited</b>		
<b>Connected Person - due to holding more than 10%</b>		
Outstanding: Nil units (2023: 36,534 units)	-	3,764
<b>Saleem Majidulla</b>		
<b>Connected Person - due to holding more than 10%</b>		
Outstanding: Nil units (2023: 200 units)	-	21
<b>Amjad Maqsood</b>		
<b>Connected Person - due to holding more than 10%</b>		
Outstanding: 20,610 units (2023: 35,245 units)	2,132	3,631
<b>Rafiuddin Zakir Mahmood</b>		
<b>Connected Person - due to holding more than 10%</b>		
Outstanding: 2,087 units (2023: nil units)	216	-

## 22 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets

Bank balances

Investments

Interest / profit accrued

Deposit

### Financial liabilities

Payable to HBL Asset Management Limited -  
Management Company

Payable to Central Depository Company of  
Pakistan Limited - Trustee

Dividend payable

Accrued expenses and other liabilities

----- 2024 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
10,924,488	-	10,924,488
-	12,078,457	12,078,457
55,433	-	55,433
100	-	100
10,980,021	12,078,457	23,058,478
90,182	-	90,182
1,242	-	1,242
1,730	-	1,730
1,095	-	1,095
94,249	-	94,249

### Financial assets

Bank balances

Investments

Interest / profit accrued

Deposit

### Financial liabilities

Payable to HBL Asset Management Limited -  
Management Company

Payable to Central Depository Company of  
Pakistan Limited - Trustee

Payable against redemption of units

Dividend payable

Accrued expenses and other liabilities

----- 2023 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
898,563	-	898,563
-	12,772,891	12,772,891
118,727	-	118,727
100	-	100
1,017,390	12,772,891	13,790,281
40,663	-	40,663
746	-	746
163,780	-	163,780
60,109	-	60,109
828	-	828
266,126	-	266,126

## **23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### **23.1 Market risk**

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

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

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

#### **(i) Yield / interest rate risk**

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks, investments in Market Treasury Bills, GOP Ijarah Sukuk and Corporate Sukuk Certificate. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### **a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds KIBOR based bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 109.245 million (2023: Rs. 54.403 million).

#### **b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2024, the Fund holds Market Treasury Bills, GOP Ijarah and Corporate Sukuk which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for Market Treasury Bills with all other variables held constant, the net income for the year and net assets of the Fund would have been lower / higher by Rs 120.785 million (2023: Rs. 82.312 million).

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

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

2024					
Effective interest rate / yield	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
(%)	Rupees in '000				
On-balance sheet financial instruments					
Financial assets					
Bank balances	17.5% to 22.65%	10,924,488	-	-	10,924,488
Investments	19.99% to 23.5%	1,461,085	10,617,372	-	12,078,457
Interest / profit accrued		-	-	55,433	55,433
Deposit		-	-	100	100
		12,385,573	10,617,372	-	23,058,478
Financial liabilities					
Payable to HBL Asset Management Limited - Management Company		-	-	90,182	90,182
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	1,242	1,242
Dividend payable		-	-	1,730	1,730
Accrued expenses and other liabilities		-	-	1,095	1,095
		-	-	94,249	94,249
On-balance sheet gap (a)		12,385,573	10,617,372	(38,716)	22,964,229
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a-b)					
		12,385,573	10,617,372	-	
Cumulative interest rate sensitivity gap					
		12,385,573	23,002,945	23,002,945	

2023					
Effective interest rate / yield	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
(%)	Rupees in '000				
On-balance sheet financial instruments					
Financial assets					
Bank balances	8% to 22.65%	898,563	-	-	898,563
Investments	13.98% to 22.42%	1,100,000	8,231,171	-	12,772,891
Interest / profit accrued		-	-	118,727	118,727
Deposit		-	-	100	100
		1,998,563	8,231,171	118,827	13,790,281
Financial liabilities					
Payable to HBL Asset Management Limited		-	-	40,633	40,633
- Management Company		-	-	746	746
Payable to the Central Depository Company		-	-	-	-
of Pakistan Limited - Trustee		-	-	163,780	163,780
Payable against redemption of units		-	-	60,109	60,109
Dividend payable		-	-	828	828
Accrued expenses and other liabilities		-	-	266,096	266,096
		-	-	-	-
On-balance sheet gap (a)		1,998,563	8,231,171	(147,269)	13,524,185
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a-b)		1,998,563	8,231,171	3,441,720	
Cumulative interest rate sensitivity gap		1,998,563	10,229,734	13,671,454	

**(ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**(iii) 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 yield / 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.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2024.

**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.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. 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 of and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries 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 dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

**Financial assets**

Bank balances	10,924,488	-	-	-	-	10,924,488
Investments	-	1,461,085	10,617,372	-	-	12,078,457
Interest / profit accrued	55,433	-	-	-	-	55,433
Deposit	-	-	-	-	100	100
	10,979,921	1,461,085	10,617,372	-	100	23,058,478

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company	90,182	-	-	-	-	90,182
Payable to the Central Depository Company of Pakistan Limited - Trustee	1,242	-	-	-	-	1,242
Dividend payable	1,730	-	-	-	-	1,730
Accrued expenses and other liabilities	407	688	-	-	-	1,095
	93,561	688	-	-	-	94,249

**Net financial assets**

	10,886,360	1,460,397	10,617,372	-	100	22,964,229
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2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

**Financial assets**

Bank balances	898,563	-	-	-	-	898,563
Investments	-	1,100,000	8,231,171	3,441,720	-	12,772,891
Interest / profit accrued	118,727	-	-	-	-	118,727
Deposit	-	-	-	-	100	100
	1,017,290	1,100,000	8,231,171	3,441,720	100	13,790,281

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company	40,663	-	-	-	-	40,663
Payable to the Central Depository Company of Pakistan Limited - Trustee	746	-	-	-	-	746
Payable against redemption of units	163,780	-	-	-	-	163,780
Dividend payable	60,109	-	-	-	-	60,109
Accrued expenses and other liabilities	323	508	-	-	-	831
	265,621	508	-	-	-	266,129

**Net financial assets/ liabilities**

	751,669	1,099,492	8,231,171	3,441,720	100	13,524,152
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### 23.3 Credit risk

23.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	-----2024-----		-----2023-----	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- Rupees in '000 -----			
Bank balances	10,924,488	10,924,488	898,563	898,563
Investments in government securities	12,012,457	-	11,672,891	-
Investments in debt instruments	66,000	66,000	1,100,000	1,100,000
Interest / profit accrued	55,433	55,433	118,727	45,303
Deposit	100	100	100	100
	<u>23,058,478</u>	<u>11,046,021</u>	<u>13,790,281</u>	<u>2,043,966</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. Investments in government securities and their accrued profit, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

### 23.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks as follows:

Rating category	% of financial assets exposed to credit risk	
	2024	2023
AAA	48.59%	8.29%
AA+	0.00%	56.47%
AA	0.00%	0.06%
AA-	0.00%	0.34%
	<u>48.59%</u>	<u>65.16%</u>

### 23.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The Fund does not have any collateral against any of the aforementioned assets.

## 24 FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

#### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As at June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

	2024			Total
	Level 1	Level 2	Level 3	
<b>Financial assets 'at fair value through profit or loss'</b>	<b>(Rupees)</b>			
Government securities - Market Treasury Bills	-	11,577,700	-	11,577,700
Corporate Sukuk Certificates	-	66,000	-	66,000
GOP Ijarah Sukuk	-	434,757	-	434,757
	-	12,078,457	-	12,078,457
	2023			Total
	Level 1	Level 2	Level 3	
<b>Financial assets 'at fair value through profit or loss'</b>	<b>(Rupees)</b>			
Government securities - Market Treasury Bills	-	8,231,171	-	8,231,171
Government securities - Pakistan Investment Bonds	-	3,441,720	-	3,441,720
Letter of placements	-	1,100,000	-	1,100,000
	-	12,772,891	-	12,772,891

## 25. UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's NAV per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 23, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 26. UNIT HOLDING PATTERN OF THE FUND

----- As at June 30, 2024 -----				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Associated companies	2	133,620	13,822	0.09%
Trusts	27	811,608	83,953	0.19%
Insurance companies	10	671,949	69,508	1.11%
NBFCs	1	14,319	1,482	0.01%
Retirement funds	36	3,334,217	344,893	2.15%
Other corporate	235	43,143,578	4,462,776	18.26%
Individuals	11,317	167,955,760	17,373,362	76.66%
Foreign investor	53	1,268,974	131,263	1.53%
	<u>11,681</u>	<u>217,334,026</u>	<u>22,481,059</u>	<u>100%</u>

----- As at June 30, 2023 -----				
Category	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000'				
Associated companies	3	125,358	11,367	0.09%
Trusts	23	246,134	25,359	0.19%
Insurance companies	11	1,429,826	147,312	1.11%
NBFCs	1	12,141	1,251	0.01%
Retirement funds	34	2,760,280	284,386	2.15%
Other corporate	200	23,439,557	2,414,928	18.26%
Individuals	9,728	98,396,186	10,139,103	76.66%
Foreign investor	51	1,965,500	202,502	1.53%
	<u>10,051</u>	<u>128,374,982</u>	<u>13,226,208</u>	<u>100%</u>

## 27. LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2024 -----	----- 2023 -----
Name of broker	Name of broker
Al Falah CLSA Securities (Private) Limited	Al Falah CLSA Securities (Private) Limited
C & M Management (Private) Limited	Optimus Markets (Private) Limited
Bright Capital (Private) Limited	C & M Management (Private) Limited
Icon Securities (Private) Limited	Continental Exchange (Private) Limited
Optimus Markets (Private) Limited	Bright Capital (Private) Limited
BMA Capital Management Limited	Icon Securities (Private) Limited
Arif Habib Limited	BIPL Securities Limited
Paramount Capital (Private) Limited	Invest One Markets Limited
Magenta Capital (Private) Limited	JS Global Capital Limited
Invest One Markets Limited	Magenta Capital (Private) Limited



## 28 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

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

## 29 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:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Shahid Ghaffar	6	6	-	-
Ms. Ava A. Cowasjee	6	6	-	-
Mr. Rayomond H. Kotwal	6	5	1	October 27, 2023.
Mr. Abrar Ahmed Mir	6	6	-	-
Mr. Tariq Masaud	6	6	-	-
Mr. Abid Sattar	6	6	-	-
Mr. Khalid Malik	6	6	-	-

## 30 GENERAL

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

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

30.3 Units have been rounded off to the nearest decimal place.

## 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on September 26, 2024

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

Chief Financial Officer

Chief Executive Officer

Director



**HBL** Income Fund

## FUND INFORMATION

NAME OF FUND	HBL Income Fund
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITOR	A.F. Ferguson & Co.
NAME OF BANKERS	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited Askari Bank Limited MCB Bank Limited Soneri Bank Limited Telenor Bank Microfinance U Microfinance Bank Limited The First Microfinance Bank Limited NRSP Microfinance Bank Limited Industrial and Commercial Bank of China Limited Meezan Bank Limited Sindh Bank Limited Finca Microfinance Bank Limited Khushali Microfinance Bank Limited
Fund Rating	A+(f) (VIS)

## Type and Category of Fund

Open end Income Fund

## Investment Objective and Accomplishment of Objective

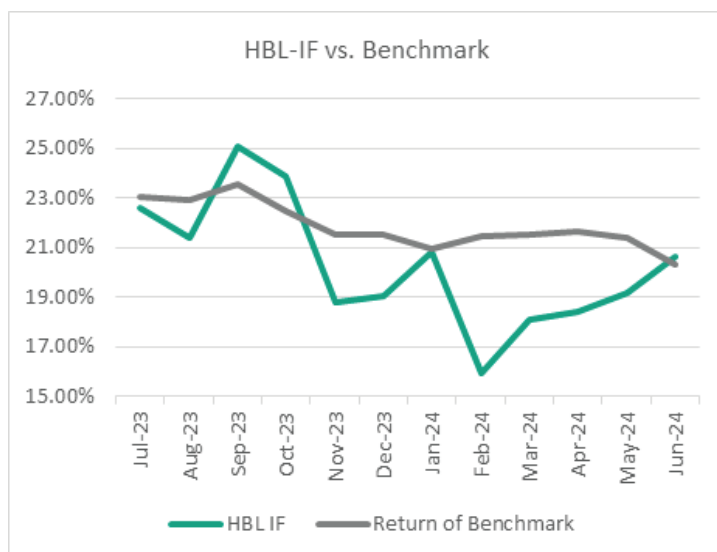
The objective of the Fund is to provide a stable stream of income with moderate level of risk by investing in fixed income securities. The investment objective is achieved.

## Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average six month KIBOR Offer rate.

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

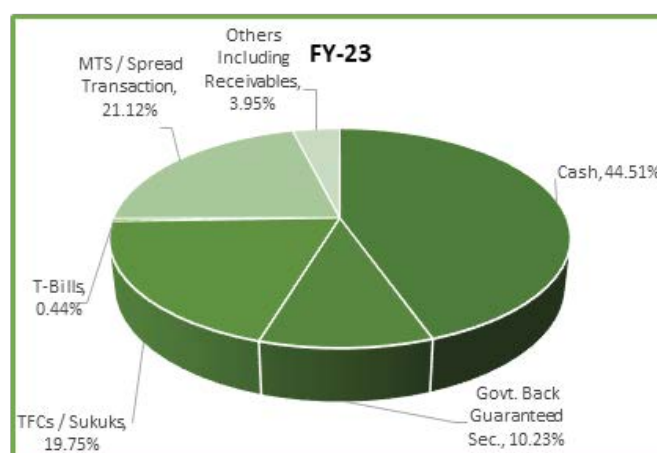
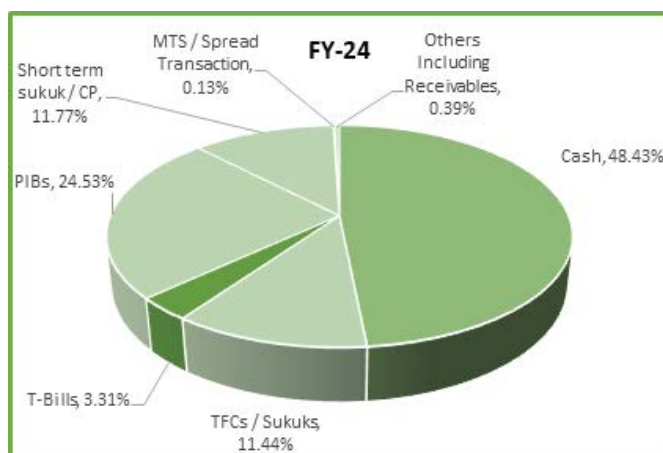
Month	HBL-IF	Benchmark
Jun-24	20.62%	20.35%
May-24	19.17%	21.41%
Apr-24	18.40%	21.63%
Mar-24	18.09%	21.51%
Feb-24	15.97%	21.44%
Jan-24	20.81%	20.98%
Dec-23	19.06%	21.53%
Nov-23	18.81%	21.54%
Oct-23	23.84%	22.48%
Sep-23	25.07%	23.55%
Aug-23	21.41%	22.94%
Jul-23	22.62%	23.03%



## Strategies and Policies employed during the Year

During the year under review, the fund size of HBL Income Fund more than doubled to PKR 4,973 million as compared to PKR 2,108 million in June, 2023. Investments in TFCs/Sukuks and Government Guaranteed Securities were at 11.44% and 27.84% of total assets, respectively, as on June 30, 2024. Short term Sukuks/CPs accounted for 11.77% of total assets to give a boost to return performance. Cash placements were 48.43% of total assets. The Fund was also invested in MTS/ Spread transactions at 0.13% of total assets. The fund remained invested in high yielding instruments to benefit from any decrease in interest rates.

## Asset Allocation



## Fund Performance

The total income and net income of the Fund was Rs. 997.47 million and Rs. 878.03 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 113.3201 per unit as on June 30, 2024 as compared to Rs. 112.4509 per unit as on June 30, 2023, after incorporating dividend of Rs. 24.15 per unit, thereby giving an annualized return of 22.35%. During the year the benchmark (6 Month KIBOR) return was 21.87%. The size of Fund was Rs. 4.97 billion as on June 30, 2024 as compared to Rs. 2.11 billion at the start of the year.

## 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.

## Distribution

The Fund has distributed cash dividend up-to Rs. 24.15 per unit for the year ended June 30, 2024.

## Significant Changes in the State of Affairs

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

### Breakdown of Unit Holding by Size

From– To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	522	16,876
101 – 500	230	51,000
501 – 1,000	71	55,787
1,001 – 10,000	325	1,430,658
10,001 – 100,000	301	9,035,317
100,001 – 500,000	51	10,742,302
500,001 – 1,000,000	8	5,203,668
1,000,001 – 5,000,000	3	8,536,416
5,000,001 and above	1	8,811,489
<b>Total</b>	<b>1,512</b>	<b>43,883,513</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –  
HBL INCOME FUND**  
As at June 30, 2024

	2024	2023	2022	2021	2020	2019
Net assets at the period end(Rs'000)	4,972,884	2,107,792	4,239,599	2,273,185	1,543,827	1,510,743
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	113.3201	112.4509	111.4310	110.5617	108.2828	106.1134
Offer	115.2409	114.3569	113.3198	112.4357	110.1182	107.9120
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	138.8704	131.5749	125.1043	117.6291	122.6415	116.9874
Lowest offer price per unit	114.3661	113.3763	112.5869	109.7430	107.4499	107.6075
Highest redemption price per unit	136.5558	129.3819	123.0191	115.6685	120.5974	115.0375
Lowest redemption price per unit	112.4599	111.4866	110.7104	107.9139	106.1799	105.8140
<b>RETURN ( % )</b>						
Total return	22.35%	17.03%	11.43%	7.10%	13.28%	8.82%
Income distribution	21.48%	15.97%	10.63%	5.40%	12.00%	9.00%
Capital growth	0.87%	1.06%	0.80%	1.70%	1.28%	-0.18%
<b>DISTRIBUTION</b>						
First Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Second Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Third Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Final dividend distribution (Rs)	24.15	17.80	11.75	5.40	12.00	9.00
Date of Income Distribution	14-Jun-24	16-Jun-23	23-Jun-21	18-Jun-21	26-Jun-20	27-Jun-19
Total dividend distribution for the year/ period (Rs)	24.15	17.80	11.75	5.40	12.00	9.00
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	22.35%	17.03%	11.43%	7.10%	13.28%	8.82%
Average annual return 2 year	19.66%	14.20%	9.24%	10.15%	11.03%	6.88%
Average annual return 3 year	16.85%	11.78%	10.57%	9.70%	8.97%	6.13%
Weighted average portfolio during (No. of days)	514	328	192	466	857	852
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	48.43%	44.51%	37.28%	16.16%	39.05%	34.38%
TFCs	11.44%	19.75%	23.32%	19.65%	27.22%	52.26%
PIBs	24.53%	0.00%	0.00%	16.98%	26.61%	0.00%
Government Securities	3.31%	10.67%	7.51%	0.00%	0.00%	0.00%
Placement with Banks and DFIs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MTS / Spread Transaction	0.13%	21.12%	13.01%	38.92%	0.00%	0.00%
Commercial Paper	11.77%	0.00%	15.92%	1.47%	3.59%	9.29%
Others Including receivables	0.39%	3.95%	2.96%	6.82%	3.53%	4.07%

**Note:**

The Launch date of the Fund is March 15, 2007

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL INCOME FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2024







A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of HBL Income Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of HBL Income 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 movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investment of the Fund as at June 30, 2024 amounted to Rs. 2,471.696 million and Rs. 2,437.054 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>obtained independent confirmations for verifying the existence of the bank balances and investment portfolio as at June 30, 2024 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

#### Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: September 27, 2024

UDIN: AR202410061dDck6FWxL



**HBL Income Fund**  
**STATEMENT OF ASSET AND LIABILITIES**  
*As At June 30, 2024*

	Note	2024	2023
		----- Rupees in '000 -----	
<b>ASSETS</b>			
Bank balances	4	2,471,696	980,061
Investments	5	2,437,054	669,877
Receivable against margin trading system		6,453	465,148
Interest / profit accrued	6	124,832	30,926
Deposits, prepayment and other receivables	7	64,061	55,941
<b>Total assets</b>		<u>5,104,096</u>	<u>2,201,953</u>
<b>LIABILITIES</b>			
Payable to HBL Asset Management Limited - Management Company	8	13,860	5,983
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,411	525
Payable to the Securities and Exchange Commission of Pakistan	10	253	564
Unclaimed dividend		3,802	3,802
Accrued expenses and other liabilities	11	111,886	83,287
<b>Total liabilities</b>		<u>131,212</u>	<u>94,161</u>
<b>NET ASSETS</b>		<u>4,972,884</u>	<u>2,107,792</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>4,972,884</u>	<u>2,107,792</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>	13	<u>43,883,513</u>	<u>18,744,108</u>
		----- Rupees -----	
<b>NET ASSET VALUE PER UNIT</b>		<u>113.3201</u>	<u>112.4509</u>

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

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

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

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

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

	Note	2024	2023
		----- Rupees in '000 -----	
<b>INCOME</b>			
Interest / profit earned on investments	15	556,194	251,237
Profit on savings accounts with banks		303,000	162,107
Mark-up on margin trading system		121,747	83,083
Other income		7,287	416
Gain on sale of investments - net		6,936	2,958
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.8	2,301	1,144
		9,237	4,102
<b>Total income</b>		997,465	500,945
<b>EXPENSES</b>			
Remuneration of HBL Asset Management Limited - Management Company	8.1 & 8.2	60,823	39,149
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	19,938	10,461
Selling and marketing expenses	8.4	20,623	10,461
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 & 9.2	3,757	2,389
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	3,316	564
Settlement and bank charges		9,290	5,688
Securities transaction cost		327	592
Auditors' remuneration	16	858	527
Printing and stationery charges		108	25
Fees and subscription		391	375
<b>Total operating expenses</b>		119,431	70,231
<b>Net income for the year before taxation</b>		878,034	430,714
Taxation	18	-	-
<b>Net income for the year after taxation</b>		878,034	430,714
<b>Earnings per unit</b>	19		
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		878,034	430,714
Income already paid on units redeemed		(509,486)	(205,503)
		368,548	225,211
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	1,698
- Excluding capital gains		368,548	223,513
		368,548	225,211

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

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

Chief Financial Officer

Chief Executive Officer

Director

	2024	2023
	----- Rupees in '000 -----	
Net income for the year after taxation	878,034	430,714
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u><u>878,034</u></u>	<u><u>430,714</u></u>

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

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

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

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

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

**HBL Income Fund**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
For the year ended June 30, 2024

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	Rupees in '000					
<b>Net assets at the beginning of the year</b>	1,907,939	199,853	2,107,792	4,064,292	181,793	4,246,085
Issuance of 102,048,353 units (2023: 20,711,172 units)						
- Capital value (at net asset value per unit at the beginning of the year)	11,475,429	-	11,475,429	2,307,867	-	2,307,867
- Element of income	802,981	-	802,981	111,477	-	111,477
<b>Total proceeds on issuance of units</b>	12,278,410	-	12,278,410	2,419,344	-	2,419,344
Redemption of 76,908,948 units (2023: 40,072,114 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(8,648,480)	-	(8,648,480)	(4,465,277)	-	(4,465,277)
- Element of loss	(476,334)	(509,486)	(985,820)	(65,842)	(205,503)	(271,345)
<b>Total payments on redemption of units</b>	(9,124,814)	(509,486)	(9,634,300)	(4,531,119)	(205,503)	(4,736,622)
Total comprehensive income for the year	-	878,034	878,034	-	430,714	430,714
Distribution for the year ended June 30, 2023 (cash distribution @ Rs. 17.78 per unit declared on June 16, 2023)	-	-	-	-	(207,151)	(207,151)
Distribution for the year ended June 30, 2024 (cash distribution @ Rs. 24.15 per unit declared on June 14, 2024)	-	(335,440)	(335,440)	-	-	-
Refund of capital	(321,612)	-	(321,612)	(44,578)	-	(44,578)
Net income for the year less distribution and refund of capital	(321,612)	542,594	220,982	(44,578)	223,563	178,985
<b>Net assets at the end of the year</b>	<b>4,739,923</b>	<b>232,961</b>	<b>4,972,884</b>	<b>1,907,939</b>	<b>199,853</b>	<b>2,107,792</b>
<b>Undistributed income brought forward comprising of:</b>						
- Realised income		198,709			183,368	
- Unrealised income / (loss)		1,144			(1,575)	
		199,853			181,793	
<b>Accounting income available for distribution:</b>						
- Relating to capital gains	-			1,698		
- Excluding capital gains	368,548			223,513		
	368,548			225,211		
Distribution during the year	(335,440)			(207,151)		
Undistributed income carried forward	232,961			199,853		
<b>Undistributed income carried forward comprising of:</b>						
- Realised income		230,660			198,709	
- Unrealised income		2,301			1,144	
		232,961			199,853	
		(Rupees)			(Rupees)	
<b>Net asset value per unit at the beginning of the year</b>		112.4509			111.4310	
<b>Net asset value per unit at the end of the year</b>		113.3201			112.4509	

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

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

Chief Financial Officer

Chief Executive Officer

Director



**HBL Income Fund**  
**CASH FLOW STATEMENT**  
For the year ended June 30, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		878,034	430,714
<b>Adjustments for:</b>			
Profit on savings accounts with banks		(303,000)	(162,107)
Interest / profit earned on investments	15	(556,194)	(251,237)
Mark-up on margin trading system		(121,747)	(83,083)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.8	(2,301)	(1,144)
		(105,208)	(66,857)
<b>(Increase) / decrease in assets</b>			
Investments - net		(1,774,636)	1,438,765
Receivable against margin trading system		458,695	(95,123)
Deposits, prepayment and other receivables		(8,120)	(8,863)
		(1,324,061)	1,334,779
<b>Decrease / (increase) in liabilities</b>			
Payable to HBL Asset Management Limited - Management Company		7,877	(3,228)
Payable to Central Depository Company of Pakistan Limited - Trustee		886	(75)
Payable to the Securities and Exchange Commission of Pakistan		(311)	(253)
Unclaimed dividend		-	(689)
Accrued expenses and other liabilities		28,599	15,530
		37,051	11,285
		(1,392,218)	1,279,207
Profit received on bank deposits		292,453	178,725
Interest / profit received on investments		466,549	264,158
Mark-up received on margin trading system		128,033	78,688
<b>Net cash (used in) / generated from operating activities</b>		(505,183)	1,800,778
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		12,278,410	2,419,344
Payment against redemption and conversion of units		(9,634,300)	(4,736,622)
Refund of capital		(321,612)	(44,578)
Cash dividend paid		(335,440)	(207,150)
<b>Net cash generated from / (used in) financing activities</b>		1,987,058	(2,569,006)
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		1,481,875	(768,228)
Cash and cash equivalents at the beginning of the year		989,821	1,758,049
<b>Cash and cash equivalents at the end of the year</b>	14	2,471,696	989,821

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

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

Chief Financial Officer

Chief Executive Officer

Director

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

- 1.1 HBL Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 6, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 25, 2006. During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Accordingly, on September 8, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act, 2020.
- 1.2 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 and has obtained the requisite license from the SECP to undertake asset management services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi. The Management Company is the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open ended mutual fund categorised as 'Income Scheme' and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited (PSX). The units of the Fund were initially offered for public subscription at par from March 15, 2007 to March 17, 2007.
- 1.4 The principal objective of the Fund is to make investments in fixed income securities. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.
- 1.5 VIS Credit Rating Company Limited (VIS) has maintained the Management Quality Rating to AM-I dated December 29, 2023 (2023: AM-I dated December 30, 2022) and the outlook on the rating has been assigned as 'Stable' and the Fund stability rating of A+(f) dated January 2, 2024 (2023: A+(f) dated December 29, 2022). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 The title to the assets of the Fund is held in the name of the CDC as trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

**2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and, therefore, have not been disclosed in these financial statements except for the following:

During the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that these provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

**2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or will not have any material effect on the Fund's financial statements except for the following:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB, IFRS 18 is yet to be applicable in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

## **2.4 Significant accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5), provision for federal excise duty (note 11.1).

## **2.5 Accounting convention**

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values.

## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

# **3 MATERIAL ACCOUNTING POLICY INFORMATION**

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

## **3.1 Cash and cash equivalents**

These comprise balances with banks in savings accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

## **3.2 Financial assets**

### **3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

### **3.2.2 Classification and subsequent measurement**

#### **Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVTPL)

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

### **3.2.3 Impairment**

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

### **3.2.4 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

### **3.2.5 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the PSX Regulations.

### **3.2.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### **3.3 Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

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

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

### **3.5 Provisions**

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

### **3.6 Net assets value per unit**

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.7 Issue and redemption of units**

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

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### **3.8 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

### **3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

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

### **3.10 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place.
- Unrealised appreciation / (diminution) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the year in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company declaring the dividend.
- Profit on savings accounts with banks is recognised on accrual basis.

### **3.11 Expenses**

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



### 3.12 Taxation

#### Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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

### 3.13 Earnings per unit

Earnings per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 19.

### 3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2024	2023
4		----- Rupees in '000 -----	
<b>BANK BALANCES</b>			
Savings accounts	4.1	<u>2,471,696</u>	<u>980,061</u>

- 4.1 These include balances of Rs. 2,444.295 million (2023: Rs. 0.215 million) with Habib Bank Limited (a related party) that carries profit at the rates ranging from 19% to 21.15% (2023: 13.50% to 19.51%) and Rs. 8.505 million (2023: Rs. 507.805 million) with HBL Microfinance Bank Limited (a related party) carrying profit at the rates ranging from 20% to 22.50% (2023: 15.5% to 22.25%). Other savings accounts of the Fund carry profit at the rates ranging from 19% to 21.50% (2023: 11.50% to 21.85%) per annum.

5	INVESTMENTS	Note	2024	2023
			----- Rupees in '000 -----	
	At fair value through profit or loss			
	Corporate sukuk certificates	5.1	638,748	54,285
	Term finance certificates	5.2	546,034	380,682
	Government securities - Pakistan Investment Bonds	5.3	1,252,272	-
	Government securities - Market Treasury Bills	5.4	-	9,760
	Government securities - GOP Ijara Sukuks	5.5	-	225,150
	Letter of placements	5.6	-	-
			2,437,054	669,877

#### 5.1 Corporate sukuk certificates

Name of Investee Company	Profit rate	Maturity date	As at July 1, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Percentage in relation to	
										Total market value of investment	Net assets of the Fund
					-----Number of certificates-----		(Rupees in '000')				
Technology & Communication											
TPL Trakker Limited (1st issue) (A+, PACRA, non-traded) (March 30, 2021) Face value: Rs. 388,889	23.26%	March 30, 2026	47	-	-	47	18,217	18,632	415	0.76%	0.37%
Power generation & distribution											
Hub Power Holdings Limited (1st issue) (AA+, PACRA, traded) (November 12, 2020) Face Value: Rs. 75,000	24.08%	November 12, 2025	250	-	-	250	19,243	19,116	(127)	0.78%	0.38%
Lucky Electric Power Company Limited (A1+, PACRA, non-traded) (March 26, 2024) Face Value: Rs. 1,000,000	21.85%	September 26, 2024	-	451	-	451	451,000	451,000	-	18.51%	9.07%
Pharmaceutical											
OBS Pharma (Private) Limited (A1, Viz, non-traded) (February 29, 2024) Face Value: Rs. 1,000,000	23.14%	August 29, 2024	-	150	-	150	150,000	150,000	-	6.15%	3.02%
Others											
New Allied Electronics Industries (Private) Limited * - sukuk (note 5.1.1) (December 3, 2007)		December 3, 2012	9,000	-	-	9,000	-	-	-	-	-
Total as at June 30, 2024							638,460	638,748	288		
Total as at June 30, 2023							53,866	54,285	419		

\* In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by MUFAP is not available.

5.1.1 This represents investment in privately placed Sukuk bonds of the investee company. This investment has been fully provided.

#### 5.2 Term finance certificates

Name of Investee Company	Profit rate	Maturity date	As at July 1, 2023	Purchased during the year	Disposed of / matured 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	Percentage in relation to	
										Total market value of investment	Net assets of the Fund
				-----Number of certificates-----			(Rupees in '000')				
Technology & Communication											
TPL Corporation Limited (3rd Issue) (AA-, PACRA, traded) (June 28, 2022) Face value: Rs. 100,000	22.76%	June 28, 2027	1,000	-	-	1,000	102,843	96,070	(6,773)	3.94%	1.93%
Worldcall Telecom Limited *(note 5.2.1) (October 7, 2008)			23,750	-	-	23,750	-	-	-	-	-

Name of Investee Company	Profit rate	Maturity date	As at July 1, 2023	Purchased during the year	Disposed of / matured 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	Percentage in relation to	
										Total market value of investment	Net assets of the Fund
<div>-----Number of certificates-----</div> <div>----- (Rupees in '000') -----</div>											
Chemicals											
Agritech Limited *- TFC (note 5.2.2 & 5.2.3)			2,000	-	-	2,000	-	-	-	-	-
Agritech Limited *- TFC (4th Issue) (note 5.2.2)			430	-	-	430	-	-	-	-	-
Commercial Banks											
JS Bank Limited (1st issue) (note 5.2.4) (A+, PACRA, non-traded) (December 29, 2017) Face value: Rs. 99,780	24.37%	December 29, 2024	1,264	-	1,264	-	-	-	-	-	-
Soneri Bank Limited (4th Issue) (A+, PACRA, non-traded) (December 26, 2022) Face Value: Rs. 99,940	21.83%	December 23, 2032	1,000	-	-	1,000	97,906	99,071	1,165	4.07%	1.99%
Bank Alfalah Limited (7th Issue) (AAA, PACRA, non-traded) (January 15, 2021) Face Value: Rs. 5,000	9.03%	January 15, 2024	7,600	-	7,600	-	-	-	-	-	-
Askari Bank Limited (AA, PACRA, non-traded) (March 17, 2020) Face Value: Rs. 1,000,000	21.39%	March 17, 2030	-	250	-	250	238,750	248,750	10,000	10.21%	5.00%
Investment Companies											
Jahangir Siddiqui & Company Limited (11th Issue) (AA, PACRA, non-traded) (March 6, 2018) Face Value: Rs. 833	22.30%	September 6, 2023	10,000	-	10,000	-	-	-	-	-	-
Jahangir Siddiqui & Company Limited (AA, PACRA, non-traded) (July 18, 2017) Face Value: Rs. 625	18.50%	July 18, 2023	15,100	-	15,100	-	-	-	-	-	-
Trust											
Kashf Foundation (1st issue) (AAA, PACRA, non-traded) (Dec 8, 2023) Face Value: Rs. 100,000	21.39%	December 8, 2026	-	1,000	-	1,000	100,000	102,143	2,143	4.19%	2.05%
Others											
New Allied Electronics Industries (Private) Limited *- TFC (note 5.2.5) (May 15, 2007)		May 15, 2011	9,000	-	-	9,000	-	-	-	-	-
Total as at June 30, 2024							539,499	546,034	6,535		
Total as at June 30, 2023							380,097	380,682	585		

\* In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities market value / valuation by is not available.

- 5.2.1 World call Telecom Limited Term finance certificates were classified by MUFAP as non-performing on November 8, 2012 after default of installment due on October 7, 2012 (earlier default on April 7, 2012) for the second time. A restructuring agreement was signed on December 26, 2012. The restructuring included the extension of repayment period by two years, deferral of principal instalments till October 7, 2014 and payment of regular mark-up during the restructuring period. In accordance with Circular No. 33 of 2012 dated October 24, 2012, a provision of Rs. 47.767 million has been made out of which till June 30, 2024 Rs. 10.440 million has been received leaving an outstanding balance as at June 30, 2024 of Rs. 37.33 million, which is fully provided.
- 5.2.2 The Term finance and corporate sukuk certificates held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the issuer.
- 5.2.3 Installments amounting to Rs. 1.998 million (2023: Rs. 1.998 million) became due for payment on Term finance certificates have been fully provided and are reflected in note 7.
- 5.2.4 These have face value of Rs. 99,780 each and were issued on December 29, 2017 carrying interest rate at the rate of 6 months KIBOR plus 1.4%. The original maturities of these were on December 29, 2024, however, were matured earlier during the year.
- 5.2.5 This represents investment in privately placed Term finance certificates of the investee company. This investment has been fully provided.

### 5.3 Government securities - 'Pakistan investment bonds

Issue Date	Tenor	Face value (Rupees in '000)				Rupees in '000			Percentage in relation to	
		As at July 1, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Total market value of investment	Net assets of the Fund
April 6, 2023	2 years	-	1,000,000	1,000,000	-	-	-	-	-	-
July 4, 2023	3 years	-	695,000	695,000	-	-	-	-	-	-
October 19, 2023	3 years	-	1,100,000	750,000	350,000	344,096	343,280	(816)	14.09%	6.90%
February 15, 2024	3 years	-	500,000	-	500,000	472,276	472,375	99	19.38%	9.50%
October 19, 2023	5 years	-	800,000	800,000	-	-	-	-	-	-
October 13, 2022	5 years	-	200,000	-	200,000	174,295	171,022	(3,273)	7.02%	3.44%
January 17, 2024	5 years	-	200,000	200,000	-	-	-	-	-	-
April 18, 2024	5 years	-	475,000	200,000	275,000	266,127	265,595	(532)	10.90%	5.34%
<b>Total as at June 30, 2024</b>						<b>1,256,794</b>	<b>1,252,272</b>	<b>(4,522)</b>		
<b>Total as at June 30, 2023</b>						<b>-</b>	<b>-</b>	<b>-</b>		

5.3.1 The Pakistan Investment Bonds carry yield ranging from 15.90% to 23.49% (June 30, 2023: Nil) per annum and have maturities upto April 18, 2029.

5.3.2 This includes fixed rate Pakistan Investment Bond pledged with the National Clearing Company of Pakistan Limited (NCCPL) in accordance with the Circular no.11 of 2007 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan. The bond has a face value of Rs. 50 million and a market value of Rs. 42.755 million as at June 30, 2024.

### 5.4 Government securities - Market Treasury Bills

Particulars	Issue Date	Face Value (Rupees in '000)				Rupees in '000			Percentage in relation to	
		As at July 1, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation	Total market value of investment	Net assets of the Fund
Market Treasury Bills - 3 - months										
Market Treasury Bills	May 18, 2023	10,000	53,659	63,659	-	-	-	-	-	-
Market Treasury Bills	August 10, 2023	-	120,000	120,000	-	-	-	-	-	-
Market Treasury Bills	October 19, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	November 16, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	June 13, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills - 6 - months										
Market Treasury Bills	October 19, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	November 16, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	November 30, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills - 1 - Year										
Market Treasury Bills	July 13, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
Market Treasury Bills	October 5, 2023	-	160,000	160,000	-	-	-	-	-	-
Market Treasury Bills	October 19, 2023	-	1,300,000	1,300,000	-	-	-	-	-	-
Market Treasury Bills	November 16, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
Market Treasury Bills	November 30, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	May 2, 2024	-	200,000	200,000	-	-	-	-	-	-
Market Treasury Bills	May 16, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	May 30, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	June 13, 2024	-	300,000	300,000	-	-	-	-	-	-
Total as at June 30, 2024						-	-	-		
Total as at June 30, 2023						9,771	9,760	(11)		

**5.5 Government securities - GOP Ijarah Sukuks**

Name of the security	Maturity date	Tenor	Profit rate	Face value (Rupees in '000)			Rupees in '000			Percentage in relation to	
				As at July 1, 2023	Purchased during the year	Disposed of / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation	Total market value of investment
GoP Ijara Sukuk Certificates XXX - VRR (April 17, 2023) Face value : Rs. 1,000,000	April 17, 2024	1 Year	Weighted average 6 months T-Bills	-	1,000,000	1,000,000	-	-	-	-	-
GoP Ijara Sukuk Certificates XXXI - VRR (May 22, 2023) Face value : Rs. 100,000	May 22, 2024	1 Year	Weighted average 6 months T-Bills	225,000	125,000	350,000	-	-	-	-	-
GoP Ijara Sukuk Certificates XXXIV - FRR (Dec 4, 2023) Face value : Rs. 100,000	December 4, 2028	5 Years	15.75%	-	100,000	100,000	-	-	-	-	-
GoP Ijara Sukuk Certificates XXXIII - FRR (Dec 4, 2023) Face value : Rs. 100,000	December 4, 2026	3 Years	16.19%	-	75,000	75,000	-	-	-	-	-
Total as at June 30, 2024							-	-	-	-	-
Total as at June 30, 2023							225,000	225,150	150	-	-

**5.6 Letter of placements**

Name of the investee	Issue date	Interest rate	As at July 1, 2023	Purchased during the year	Matured during the year	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Percentage in relation to	
								Total market value of investment	Net assets of the Fund
		%	----- (Rupees in '000) -----						%
Pak Libya Holding Company (Private) Limited	July 13, 2023	23.40%	-	230,000	230,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	August 15, 2023	23.00%	-	230,000	230,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	September 15, 2023	23.10%	-	230,000	230,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	October 16, 2023	22.95%	-	230,000	230,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	November 16, 2023	22.95%	-	230,000	230,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	December 18, 2023	22.80%	-	230,000	230,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	January 18, 2024	22.70%	-	230,000	230,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	February 1, 2024	22.70%	-	230,000	230,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	March 22, 2024	22.70%	-	450,000	450,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	April 30, 2024	22.70%	-	450,000	450,000	-	-	-	-
Pak Libya Holding Company (Private) Limited	June 13, 2024	21.20%	-	400,000	400,000	-	-	-	-
Total as at June 30, 2024			-	3,140,000	3,140,000	-	-		
Total as at June 30, 2023			-	-	-	-	-		

**5.7 Details of non-compliant investments**

The SECP vide its circular no. 16 dated July 7, 2010, has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the Collective Investment Schemes or with the investment requirements of their constitutive documents.

Name of non-compliant investment	Note	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	Percentage in relation to	
			(Rupees in '000)			Total market value of investments	Net assets of the Fund
New Allied Electronics Industries (Private) Limited	5.1.1	Sukuk	44,149	44,149	-	-	-
World Telecom Limited	5.2.1	TFC	37,330	37,330	-	-	-
AgriTech Limited	5.2.2 & 5.2.3	TFC	9,992	9,992	-	-	-
New Allied Electronics Industries (Private) Limited	5.2.5	TFC	19,025	19,025	-	-	-
			110,496	110,496	-	-	-

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

	Note	2024	2023
		----- Rupees in '000-----	
Market value of investments	5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	2,437,054	669,877
Carrying value of investments	5.1, 5.2, 5.3, 5.4, 5.5 & 5.6	(2,434,753)	(668,733)
		2,301	1,144

6	INTEREST / PROFIT ACCRUED	Note	2024 ----- Rupees in '000-----	2023
	Interest / profit accrued on:			
	Bank balances		24,850	14,303
	Debt securities - Term finance certificates and corporate sukuk certificates		42,378	4,560
	Government securities - GOP Ijarah Sukuks		-	5,775
	Government securities - Pakistan Investment Bonds		57,602	-
	Margin trading system		2	6,288
			<u>124,832</u>	<u>30,926</u>
7	DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES			
	Security deposits with:			
	- National Clearing Company of Pakistan Limited		38,169	30,019
	- Central Depository Company of Pakistan Limited		100	100
			<u>38,269</u>	<u>30,119</u>
	Receivable against investments in Term finance certificates	5.2.3	1,998	1,998
	Advance tax	7.1	25,212	25,212
	Prepaid expenses		580	610
			<u>66,059</u>	<u>57,939</u>
	Less: Provision against overdue installments of			
	Term finance certificates	5.2.3	(1,998)	(1,998)
			<u>64,061</u>	<u>55,941</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank deposit paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt amounts to Rs. 25.212 million (2023: Rs. 25.212 million).

For this purpose, MUFAP on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank balances and debt securities has been shown as other receivable as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			----- Rupees in '000 -----	
	Remuneration payable	8.1	5,079	1,766
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	660	230
	Allocated expenses payable related to registrar services, accounting, operation and valuation services	8.3	-	883
	Selling and marketing expenses payable	8.4	7,906	2,915
	Sales load payable		215	189
			<u>13,860</u>	<u>5,983</u>

8.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the Total Expense Ratio Limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at the rates ranging from 1% to 1.5% (2023: 1% to 1.5%) per annum of the daily net assets during the year. The remuneration is payable to the Management Company monthly in arrears.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company may charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). The Management Company based on its own discretion has charged allocated expenses at the rates ranging from 0% to 0.845% (2023: 0.25% to 0.5%) per annum of the daily net assets during the year.

8.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, during the year, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rates ranging from 0% to 0.71% (2023: 0.25% to 0.5%) per annum of daily net assets of the Fund during the year ended June 30, 2024 while keeping in view the overall return and Total Expense Ratio Limit of the Fund as defined under the NBFC Regulations.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024	2023
			----- Rupees in '000 -----	
	Trustee fee payable	9.1	254	133
	Sindh Sales Tax payable on trustee fee	9.2	33	17
	CDS charges payable		1,124	375
			<u>1,411</u>	<u>525</u>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2023: 0.075%) per annum of daily net assets of the Fund. The remuneration is paid to the trustee monthly in arrears.

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

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
	Annual fee payable	10.1	<u>253</u>	<u>564</u>

- 10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.075% per annum of the daily net assets of the Fund, applicable to an "Income Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.075% (2023: 0.02%) per annum of the daily net assets during the year.

Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay the SECP fee within three months of the close of accounting year.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
	Federal excise duty payable on the Management Company's remuneration	11.1	27,578	27,578
	Capital gain tax payable		24,994	6,919
	Withholding tax payable		53,913	33,036
	Auditors' remuneration		505	268
	Securities transaction cost payable		863	842
	Zakat payable		440	440
	Other payables		<u>3,593</u>	<u>14,204</u>
			<u>111,886</u>	<u>83,287</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 27.578 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV of the Fund would have been higher by Re. 0.6284 (2023: Rs. 1.4713) per unit.



## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

13	NUMBER OF UNITS IN ISSUE		2024	2023
			----- Number of units -----	
	Total outstanding as of July 1		18,744,108	38,105,050
	Issued during the year		102,048,353	20,711,172
	Redeemed during the year		(76,908,948)	(40,072,114)
	Total units in issue as of June 30		<u>43,883,513</u>	<u>18,744,108</u>

14	CASH AND CASH EQUIVALENTS	Note	2024	2023
			----- Rupees in '000 -----	
	Bank balances	4	2,471,696	980,061
	Government securities - Market Treasury Bills	5.4	-	9,760
			<u>2,471,696</u>	<u>989,821</u>

## 15 INTEREST / PROFIT EARNED ON INVESTMENTS

Interest / profit on:

Debt securities - Term finance certificates and corporate sukuk certificates	163,661	142,897
Government securities - Market Treasury Bills	87,721	79,668
Government securities - GOP Ijarah Sukuks	30,808	4,983
Government securities - Pakistan Investment Bonds	212,559	-
Letter of placements	61,445	-
Commercial papers	-	23,689
	<u>556,194</u>	<u>251,237</u>

## 16 AUDITORS' REMUNERATION

Annual audit fee	308	351
Half yearly review	206	93
Certifications and other services	204	-
Out of pocket expenses	76	44
	<u>794</u>	<u>488</u>
Sales tax	64	39
	<u>858</u>	<u>527</u>

## 17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 2.70% (2023: 2.49%) which includes 0.24% (2023: 0.19%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

## 18 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these financial statements during the year.

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

## 19 EARNINGS PER UNIT

Earnings 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.

## 20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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

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

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

20.1	Transactions during the year	2024	2023
		----- Rupees in '000 -----	
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of the Management Company including Sales Tax thereon	60,823	39,149
	Allocation of expenses related to registrar services, accounting, operation and valuation services	19,938	10,461
	Selling and marketing expenses	20,623	10,461
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges paid	304	264
	Profit earned on bank balance	20,251	6,847
	Redemption of Nil units (2023: 7,623,706 units)	-	876,811
	Sale of Market Treasury Bills	1,726,726	584,000
	Sale of Pakistan Investment Bonds	195,909	-
	Purchase of GOP Ijara Sukuks	-	725,000

	2024	2023
	----- Rupees in '000 -----	
<b>Habib Bank Limited - Treasury Division</b>		
Redemption of Nil units (2023: 404,270 units)	-	46,496
<b>HBL Microfinance Bank (Formerly: The First Microfinance Bank)</b>		
- Associated Company		
Profit earned on bank balances	189,440	82,828
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee's remuneration including Sales Tax thereon	3,757	2,389
CDS charges	1,040	824
<b>MCBFSL Trustee - HBL Financial Planning Fund Conservative Allocation Plan - Associate</b>		
Issue of Nil units (2023: 48,355 units)	-	5,479
Redemption of 247,838 units (2023: 304,635 units)	27,962	35,032
Dividend paid	-	3,750
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan - Associate</b>		
Issue of Nil units (2023: 587,512 units)	-	65,752
Redemption of Nil units (2023: 618,300 units)	-	70,608
Dividend paid	-	-
<b>Jaffer Brothers (Private) Limited And Associated Companies Staff Provident Fund - Connected person - due to holding more than 10% units</b>		
Issue of 100,400 units (2023: 467,533 units)	11,291	57,313
Dividend paid	11,291	2,596
<b>CDC Trustee HBL Cash Fund - Fund under common management</b>		
Purchase of Market Treasury Bills	-	88,000
Sale of Pakistan Investment Bonds	416,437	65,000
<b>CDC Trustee HBL Islamic Income Fund - Fund under common management</b>		
Sale of GoP Ijarah sukuk certificate	246,172	-
<b>CDC Trustee HBL Government Securities Fund - Fund under common management</b>		
Purchase of Pakistan Investment Bonds	-	100,000
<b>CDC Trustee HBL Financial Sector Income Fund Plan I - Fund under common management</b>		
Sale of Pakistan Investment Bonds	232,136	100,000
Sale of Market Treasury Bills	170,489	-
<b>Directors and Executives of the Management Company and their relatives</b>		
Issue of 68,182 units (2023: 16,192 units)	8,226	1,805
Redemption of 68,915 units (2023: 18,903 units)	8,558	2,282
Dividend paid	2,708	2,089

**20.2 Balances outstanding as at year end**

**HBL Asset Management Limited - Management Company**

Management remuneration payable including Sales Tax thereon

Allocation of expenses related to registrar services,

accounting, operation and valuation services

Selling and marketing expenses payable

Sales load payable

**2024**                      **2023**  
----- Rupees in '000 -----

5,739	1,996
-	883
7,906	2,915
215	189

**Habib Bank Limited - Sponsor**

Bank balance

Profit accrued on bank balance

**2024**                      **2023**  
----- Rupees in '000 -----

2,444,295	215
7,501	102

**HBL Microfinance Bank (Formerly: The First Microfinance Bank)**

**- Associated Company**

Bank balances

Profit accrued on bank balances

8,505	507,805
6,131	8,084

**MCBFSL Trustee - HBL Financial Planning Fund Conservative**

**Allocation Plan - Associate**

Outstanding Nil units (2023: 247,838 units)

-	27,870
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**Jaffer Brothers (Private) Limited And Associated**

**Companies Staff Provident Fund**

**Connected person - due to holding more than 10% units**

Outstanding 567,933 units (2023: 467,533 units)

64,358	52,575
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**Directors and Executives of the Management Company**

**and their relatives**

Outstanding 132,583 units (2023: 133,316 units)

15,024	14,992
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**Central Depository Company of Pakistan Limited - Trustee**

Trustee's remuneration payable including Sales Tax thereon

Security deposit receivable

CDC charges payable

287	150
100	100
1,124	375

**21 FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial assets**

Bank balances
Investments
Receivable against margin trading system
Interest / profit accrued
Deposits

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Unclaimed dividend
Accrued expenses and other liabilities

2024		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
2,471,696	-	2,471,696
-	2,437,054	2,437,054
6,453	-	6,453
124,832	-	124,832
38,269	-	38,269
2,641,250	2,437,054	5,078,304

**Financial assets**

Bank balances
Investments
Receivable against margin trading system
Interest / profit accrued
Deposits

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Unclaimed dividend
Accrued expenses and other liabilities

2023		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
980,061	-	980,061
-	669,877	669,877
465,148	-	465,148
30,926	-	30,926
30,119	-	30,119
1,506,254	669,877	2,176,131

2024		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
5,983	-	5,983
525	-	525
3,802	-	3,802
15,314	-	15,314
25,624	-	25,624

**22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

## **22.1 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 Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

### **(i) Yield / interest rate risk**

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks, investments in Term finance certificates, Corporate sukuk certificates and Pakistan investment bonds. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### **a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds KIBOR based Term finance certificates, Corporate sukuk certificates and Pakistan investment bonds on balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 42.654 million (2023: Rs. 16.499 million).

#### **b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2024, the Fund holds Pakistan investment bonds which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in applicable rates with all other variables held constant, the net income for the year and net assets of the Fund would have been lower / higher by Rs. 6.43 million (2023: Rs. 0.10 million). Further, MTS is also subject to interest rate risk but it is not carried at FVTPL, therefore, there is no impact on net income or net assets due to change in market interest rates.

The composition of the Fund's investment portfolio, and applicable profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

2024						
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
Rupees in '000						
Financial assets						
Bank balances	19% to 22.50%	2,471,696	-	-	2,471,696	
Investments	15.90% to 24.08%	2,053,272	383,782	-	2,437,054	
Receivable against margin trading system		6,453	-	-	6,453	
Interest / profit accrued		-	-	124,832	124,832	
Deposits		-	-	38,269	38,269	
		4,531,421	383,782	-	163,101	5,078,304
Financial liabilities						
Payable to HBL Asset Management Limited - Management Company		-	-	-	13,860	13,860
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,411	1,411
Unclaimed dividend		-	-	-	3,802	3,802
Accrued expenses and other liabilities		-	-	-	4,961	4,961
		-	-	-	24,034	24,034
On-balance sheet gap (a)		4,531,421	383,782	-	139,067	5,054,270
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		4,531,421	383,782	-		
Cumulative interest rate sensitivity gap		4,531,421	4,915,203	4,915,203		

2023						
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
Rupees in '000						
<b>Financial assets</b>						
Bank balances	11.50% to 22.25%	980,061	-	-	-	980,061
Investments	9.03% to 25.91%	27,602	261,061	381,214	-	669,877
Receivable against margin trading system		465,148	-	-	-	465,148
Interest / profit accrued		-	-	-	30,926	30,926
Deposits		-	-	-	30,119	30,119
		1,472,811	261,061	381,214	61,045	2,176,131
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company		-	-	-	5,983	5,983
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	525	525
Unclaimed dividend		-	-	-	3,802	3,802
Accrued expenses and other liabilities		-	-	-	15,314	15,314
		-	-	-	25,624	25,624
<b>On-balance sheet gap (a)</b>		1,472,811	261,061	381,214	35,421	2,150,507
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		1,472,811	261,061	381,214		
<b>Cumulative interest rate sensitivity gap</b>		1,472,811	1,733,872	2,115,086		



**(ii) Currency risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**(iii) Price risk**

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

Equity price risk is a risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities at of June 30, 2024 and June 30, 2023 and hence, is not exposed to price risk.

**22.2 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.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. 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 off and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries 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 dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instrument s with no fixed maturity	Total

**Financial assets**

Bank balances	2,471,696	-	-	-	-	2,471,696
Investments	-	601,000	-	1,488,233	347,821	2,437,054
Receivable against margin trading system	6,453	-	-	-	-	6,453
Interest / profit accrued	124,832	-	-	-	-	124,832
Deposits	38,269	-	-	-	-	38,269
	2,641,250	601,000	-	1,488,233	347,821	5,078,304

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company	13,860	-	-	-	-	13,860
Payable to Central Depository Company of Pakistan Limited - Trustee	1,411	-	-	-	-	1,411
Unclaimed dividend	3,802	-	-	-	-	3,802
Accrued expenses and other liabilities	4,456	505	-	-	-	4,961
	23,529	505	-	-	-	24,034

**Net financial assets**

	2,617,721	600,495	-	1,488,233	347,821	5,054,270
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2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instrument s with no fixed maturity	Total

**Financial assets**

Bank balances	980,061	-	-	-	-	980,061
Investments	-	27,602	261,061	381,214	-	669,877
Receivable against margin trading system	-	465,148	-	-	-	465,148
Interest / profit accrued	30,926	-	-	-	-	30,926
Deposits	30,119	-	-	-	-	30,119
	1,041,106	492,750	261,061	381,214	-	2,176,131

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company	5,983	-	-	-	-	5,983
Payable to Central Depository Company of Pakistan Limited - Trustee	525	-	-	-	-	525
Unclaimed dividend	3,802	-	-	-	-	3,802
Accrued expenses and other liabilities	15,046	268	-	-	-	15,314
	25,356	268	-	-	-	25,624

**Net financial assets**

	1,015,750	492,482	261,061	381,214	-	2,150,507
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## 22.3 Credit risk

22.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due.

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer / counterparty is taken into account along with the financial background so as to minimise the risk of default.

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

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default;
- Analysing credit ratings and obtaining adequate collaterals wherever appropriate / relevant;
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and the financial statements on a regular basis;
- Cash is held only with reputable banks with high quality external credit ratings; and
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

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

	-----2024-----		-----2023-----	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- Rupees in '000 -----			
Bank balances	2,471,696	2,471,696	980,061	980,061
Investments	2,437,054	1,184,782	669,877	434,967
Receivable against margin trading system	6,453	6,453	465,148	465,148
Interest / profit accrued	124,832	67,230	30,926	25,151
Deposits	38,269	38,269	30,119	30,119
	<u>5,078,304</u>	<u>3,768,430</u>	<u>2,176,131</u>	<u>1,935,446</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as investment in government securities are guaranteed by the Government of Pakistan.

## 22.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon, and against investments. The credit rating profile of balances with banks is as follows.

Rating category	Percentage of financial assets exposed to credit risk	
	2024	2023
<b>Bank balances and profit accrued thereon</b>		
AAA	48.31%	1.37%
AA+	0.00%	0.01%
AA-	0.52%	20.57%
A+	0.32%	23.72%
A-	0.00%	0.01%
	<u>49.15%</u>	<u>45.68%</u>
<b>Investments - Term finance certificates and corporate sukuk certificates</b>		
AAA	2.04%	1.72%
AA+	0.39%	2.10%
AA	4.94%	0.00%
AA-	1.90%	4.74%
A+	2.32%	11.64%
A1+	9.40%	0.00%
A1	3.18%	0.00%
	<u>24.17%</u>	<u>20.20%</u>

### 22.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2024 are unsecured and are not impaired except for instruments mentioned in note 5.7.

## 23 FAIR VALUE MEASUREMENT

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

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

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

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

**ASSETS**

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

- Corporate sukuk certificates
- Term finance certificates
- Pakistan Investment Bonds

2024			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
-	638,748	-	638,748
-	546,034	-	546,034
-	1,252,272	-	1,252,272
-	2,437,054	-	2,437,054

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

- Corporate sukuk certificates
- Term finance certificates
- Market Treasury Bills
- GOP Ijara Sukuks

2023			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
-	54,285	-	54,285
-	380,682	-	380,682
-	9,760	-	9,760
-	225,150	-	225,150
-	669,877	-	669,877

**24**

**UNITS HOLDERS' FUND RISK MANAGEMENT**

The Unit Holders' Fund is represented by redeemable units. These units are entitled to dividends 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 in the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 22, the Fund endeavors to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

**25 UNIT HOLDING PATTERN OF THE FUND**

Category	----- 2024 -----			
	Number of Unit holders	Number of units held	Investment amount	Percentage investment
			Rupees in '000	
Individuals	2,523	28,689,663	3,251,115	65.38%
Retirement funds	23	1,807,762	204,856	4.12%
Trusts	12	812,161	92,034	1.85%
Others	35	12,573,927	1,424,879	28.65%
	2,593	43,883,513	4,972,884	100%

Category	----- 2023 -----			
	Number of Unit holders	Number of units held	Investment amount	Percentage investment
			Rupees in '000	
Individuals	2,213	14,130,980	1,589,041	75.39%
Foreign investor	5	10,939	1,230	0.06%
Associated companies	1	247,838	27,870	1.32%
Retirement funds	24	2,546,951	286,407	13.59%
Trusts	13	1,376,771	154,819	7.35%
Others	15	430,629	48,425	2.30%
	2,271	18,744,108	2,107,792	100%

**26 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**

----- 2024 -----		----- 2023 -----	
Name of broker		Name of broker	
Alfalah Securities (Private) Limited (formerly)		Alfalah Securities (Private) Limited (formerly)	
Alfalah CLSA Securities (Private) Limited		Alfalah CLSA Securities (Private) Limited	
Next Capital Limited		Summit Capital (Private) Limited	
Optimus Markets (Private) Limited		Next Capital Limited	
C & M Management (Private) Limited		Continental Exchange (Private) Limited	
Arif Habib Limited		BIPL Securities Limited	
Paramount Capital (Private) Limited		Invest One Markets Limited	
BMA Capital Management Limited		JS Global Capital Limited	
Bright Capital (Private) Limited			
Icon Securities (Private) Limited			
K-Trade Limited			

**27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE**

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

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

**28 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			Meeting not attended
		Held	Attended	Leave granted	
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	-	-

**29 GENERAL**

- 29.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.
- 29.2 Figures have been rounded off to the nearest thousand rupees.
- 29.3 Units have been rounded off to the nearest decimal place.

**30 DATE OF AUTHORISATION FOR ISSUE**

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

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

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

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

\_\_\_\_\_  
Director





**HBL** Energy Fund

## FUND INFORMATION

### NAME OF FUND

**HBL** Energy Fund

### NAME OF TRUSTEE

Yousuf Adil & Co., Chartered Accountants

### NAME OF AUDITORS

Central Depository Company of Pakistan Limited (CDC)

### NAME OF BANKERS

Habib Bank Limited  
Allied Bank Limited  
MCB Bank Limited  
JS Bank Limited  
Soneri Bank Limited  
Zarai Taraqiati Bank Limited  
Habib Metropolitan Bank Limited  
Khushali Bank Limited  
Mobilink Micro Finance Bank Limited  
U Micro Finance Bank Limited  
National Bank of Pakistan  
HBL Micro Finance Bank Limited

## Type and Category of Fund

Equity / Open-end

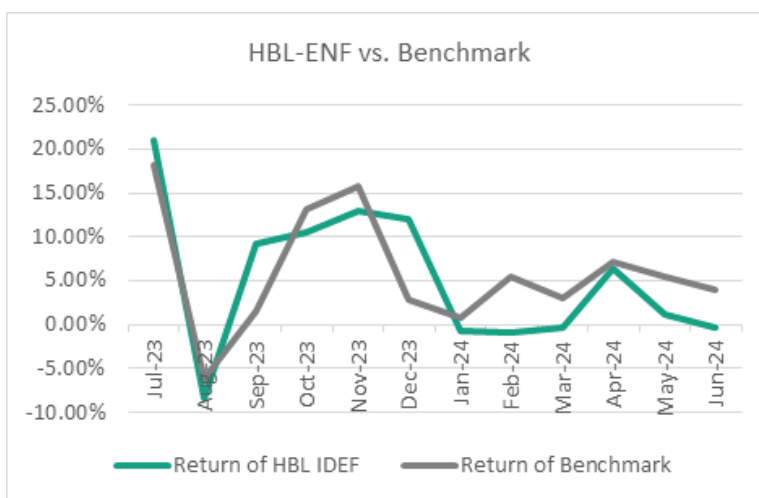
## Investment Objective and Accomplishment of Objective

HBL Energy Fund (HBL ENF) is an open end equity fund. The objective of the Fund is to capture significant return from an actively managed portfolio by investing in listed equity securities of energy sector in Pakistan and in this respect the Fund has achieved its objective.

## Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KSE-30 Total Return Index.

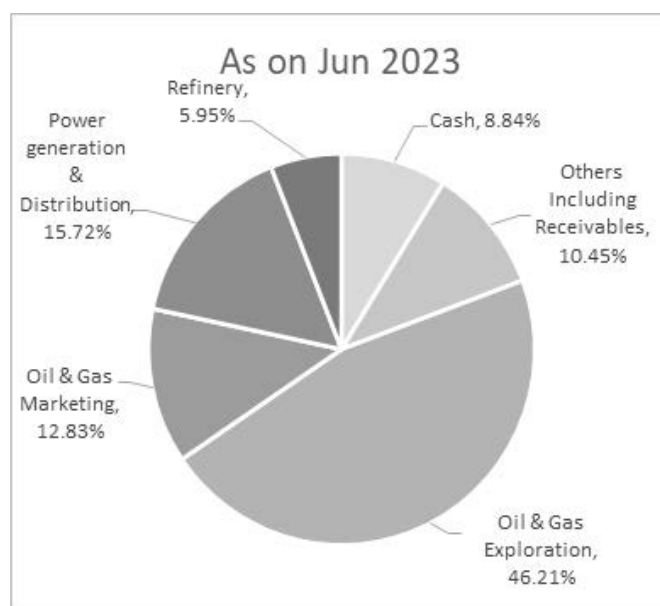
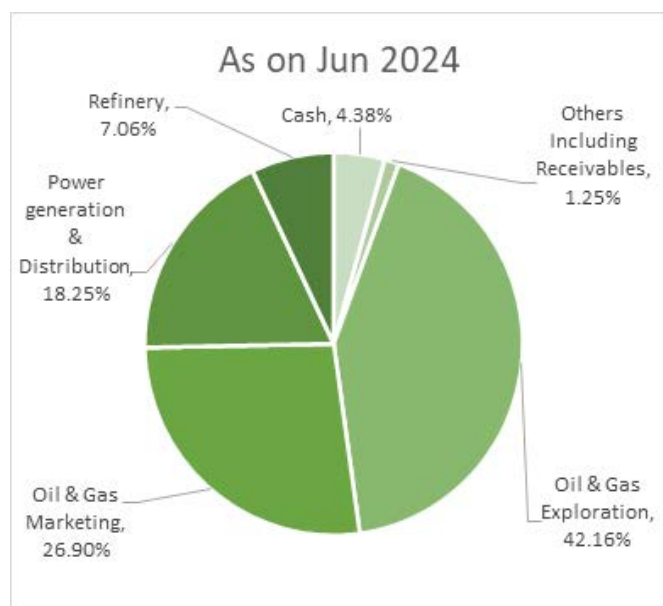
Month	Return of Fund	
	HBL-ENF	Benchmark
Jun-24	-0.37%	3.86%
May-24	1.21%	5.46%
Apr-24	6.41%	7.22%
Mar-24	-0.34%	2.93%
Feb-24	-0.95%	5.50%
Jan-24	-0.71%	0.86%
Dec-23	11.98%	2.91%
Nov-23	12.94%	15.71%
Oct-23	10.51%	13.19%
Sep-23	9.24%	1.56%
Aug-23	-8.45%	-6.23%
Jul-23	21.04%	18.12%



## Strategies and Policies employed during the Year

During the year under review, the Fund increased its exposure in equities from 80.71% on June 30, 2023 to 94.37% as on June 30, 2024. Further, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in oil and gas marketing, refinery and power was increased, while exposure in oil and gas exploration was decreased.

## Asset Allocation



### Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2024 and June 30, 2023:

Sector Name	As on Jun 2024	As on Jun 2023
Cash	4.38%	8.84%
Others Including Receivables	1.25%	10.45%
Oil & Gas Exploration	42.16%	46.21%
Oil & Gas Marketing	26.90%	12.83%
Power generation & Distribution	18.25%	15.72%
Refinery	7.06%	5.95%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Fund Performance

The total and net income of the Fund was Rs. 185.61 million and Rs. 164.47 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 16.9821 per unit as on June 30, 2024 as compared to Rs. 9.8261 per unit as on June 30, 2023, after incorporating dividends of Rs.0.50 per unit, thereby giving a return of 77.92%. During the same year the benchmark KSE 30 index yielded a return of 94.99%. The size of Fund was Rs. 0.57 billion as on June 30, 2024 as compared to Rs. 0.24 billion at the start of the year.

### Market Review

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 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.

### Distribution

The Board of Directors approved distribution of up-to Rs. 0.50 per unit to the unit holders for the year ended June 30, 2024.

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Fund.

### Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	124	3,727
101 – 500	61	15,415
501 – 1,000	3,066	2,474,077
1,001 – 10,000	1,018	3,098,922
10,001 – 100,000	157	4,728,943
100,001 – 500,000	26	5,847,795
500,001 – 1,000,000	4	2,709,016
1,000,001 – 5,000,000	3	7,835,428
5,000,001 and above	1	6,658,998
<b>Total</b>	<b>4,460</b>	<b>33,372,321</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –**  
**HBL ENERGY FUND**  
*As at June 30, 2024*

	2024	2023	2022	2021	2020	2019
Net assets at the period end(Rs'000)	566,732	241,498	431,182	774,522	570,810	734,341
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	16.9821	9.8261	9.8637	11.9855	10.0106	11.1201
Offer	17.3659	10.0482	10.0866	12.2564	10.2368	11.3714
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	18.7607	11.27	12.3229	13.2351	14.3597	15.2319
Lowest offer price per unit	10.8489	9.28	9.5629	10.3691	7.8038	10.8489
Highest redemption price per unit	18.3461	11.02	12.0506	12.9426	14.0423	14.8953
Lowest redemption price per unit	10.6091	9.07	9.3516	10.1399	7.6313	10.6091
<b>RETURN ( % )</b>						
Total return	77.92%	-0.38%	-17.70%	19.73%	-9.98%	-24.28%
Income distribution	5.09%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital growth	72.83%	-0.38%	-17.70%	19.73%	-9.98%	-24.28%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	0.50	0	0	0	0	0
Date of Income Distribution	28-Jun-24	0	0	0	0	0
Total dividend distribution for the year/ period (Rs)	0.50	0	0	0	0	0
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	77.92%	-0.38%	-17.70%	19.73%	-9.98%	-24.28%
Average annual return 2 year	33.13%	-9.45%	-0.73%	3.82%	-17.44%	-14.00%
Average annual return 3 year	13.41%	-0.62%	-3.92%	-6.55%	-12.68%	-1.27%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	4%	9%	5%	2%	7%	8%
Stock / Equities	94%	81%	94%	94%	93%	92%
Others Including receivables	1%	10%	1%	5%	1%	0%

**Note:**

- The Launch date of the Fund is January 2006
- PICIC energy fund converted from closed end scheme to open end scheme effective from June 25, 2013

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

## Summary of Actual Proxy voted by CIS

HBL HEF	Meetings	Resolutions	For	Against
Number	3	4	4	-
(%ages)	-	-	-	-

## (h) AMC did not participate in shareholders' meetings

Scrip	AGM Meeting Dt	EOGM Meeting Dt	ARM
Attock Petroleum Ltd	9-Oct-23	09-Mar-24	
Attock Refinery Ltd	9-Oct-23		
Hub Power Company Ltd	16-Oct-23		
K-Electric Limited	26-Oct-23		
Kot Addu Power Company Ltd	24-Oct-23		
Mari Petroleum Company Ltd	26-Sep-23		
National Refinery Ltd	23-Oct-23		
Nishat Chunian Power Ltd	25-Sep-23	23-Oct-23	
Nishat Power Limited			
Oil & Gas Development Co Ltd	26-Oct-2023 & 30-Oct-2023		
Pakistan Oilfields Ltd	9-Oct-23		
Pakistan Petroleum Ltd	25-Oct-2023 & 30-Oct-2023		
Pakistan Refinery Limited	27-Sep-23		
Pakistan State Oil Company Ltd	26-Oct-23		
Shell Pakistan Ltd	25-Apr-24		
Sui Northern Gas Pipeline Ltd	1-Aug-23	30-Sep-23	
Sui Southern Gas Co Ltd	23 Oct 2023 & 29 Dec 2023	4-Mar-23	



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ENERGY FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Energy Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2024



## INDEPENDENT AUDITOR'S REPORT

### To the unit holders of HBL Energy Fund

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **HBL Energy 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 movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investments</b></p> <p>As disclosed in note 6 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs.558.94 million as at June 30, 2024, consisting of investment in listed equity securities which is the main driver of the Fund's performance and risk exists on this balance</p> <p>Due to the above reasons, we have identified the existence and valuation as key audit matters matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>Tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li> <li>Independently matched securities held by the Fund with the securities appearing in the CDC account statement;</li> </ul>



**Other Mater Paragraph**

The annual financial statement of the Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants, whose audit report dated September 25, 2023, expressed an unmodified opinion respectively.

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management Company and Board of Directors of the Management Company for the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.





- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

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

  
Chartered Accountants

**Place:** Karachi

**Date:** September 27, 2024

**UDIN:** AR202410057r7ebtgEJ2

		June 30, 2024	June 30, 2023
	Note	Rupees in '000	
ASSETS			
Bank balances	5	25,952	26,773
Investments	6	558,944	244,571
Dividend and mark-up receivable	7	532	647
Advances and deposits	8	3,077	3,074
Receivable from Management Company	9	2,483	-
Receivable against sale of units		-	1,667
Receivable against sale of investments		1,358	-
TOTAL ASSETS		592,346	276,732
LIABILITIES			
Payable to the Management Company	10	1,732	1,219
Payable to the Trustee	11	105	45
	12	44	61
Unclaimed dividend		5,382	5,382
Payable against purchase of investments		-	12,798
Accrued expenses and other liabilities	13	18,351	15,729
TOTAL LIABILITIES		25,614	35,234
NET ASSETS		566,732	241,498
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)			
		566,732	241,498
CONTINGENCIES AND COMMITMENTS			
	14	Number of units	
NUMBER OF UNITS IN ISSUE	15	33,372,321	24,577,131
Rupees			
NET ASSETS VALUE PER UNIT		16.9821	9.8261

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

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

Chief Financial Officer

Chief Executive Officer

Director

		June 30, 2024	June 30, 2023
	Note	Rupees in '000	
INCOME			
Capital gain / (loss) on sale of investment- net		88,724	(21,756)
Dividend income		27,036	35,243
Mark-up on bank deposits		8,758	5,520
Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss' - net	6.3	61,091	(8,607)
		185,609	10,400
EXPENSES			
Remuneration of the Management Company	10.1	10,210	6,063
Sindh Sales Tax on remuneration of the Management Company	10.2	1,327	788
Allocated Expenses	10.3	1,826	1,667
Selling and marketing expenses	10.4	2,088	1,516
Remuneration of Trustee	11.1	924	606
Sindh Sales Tax on remuneration of the trustee	11.2	120	79
Securities and Exchange Commission of Pakistan fee	12.1	438	61
Auditors' remuneration	16	742	490
Fee and subscription		223	145
Legal Charges		150	-
Securities transaction costs and settlement charges		4,844	3,538
Reimbursement of expenses from Management Company	9	(2,483)	-
Bank charges		729	36
Total Expenses		21,138	14,989
Net Income / (loss) for the year from operating activities before taxation		164,471	(4,589)
Taxation	17	-	-
Net Income / (loss) for the year after taxation		164,471	(4,589)
Allocation of net income for the year			
Net income for the year after taxation		164,471	-
Income already paid on redemption of units		(49,222)	-
		115,249	-
Accounting income available for distribution:			
Relating to capital gains		103,817	-
Excluding capital gains		11,432	-
		115,249	-
Earnings per unit	4.11		

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Energy Fund**  
**Statement of Comprehensive Income**  
*For the year ended June 30, 2024*

	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
Net Income / (loss) for the year after taxation	164,471	(4,589)
Other comprehensive income	-	-
<b>Total comprehensive Income / (loss) for the year</b>	<b>164,471</b>	<b>(4,589)</b>

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

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

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

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

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



# HBL Energy Fund

## Statement of Movement in Unitholder's Fund

For the year ended June 30, 2024

	2024			2023		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
(Rupees in '000)						
Net assets at beginning of the year	362,741	(121,243)	241,498	547,836	(116,654)	431,182
Issuance of units 92,754,587 (2023: 8,395,147 units)						
Capital value (at net asset value per unit at the beginning of the year)	911,418	-	911,418	82,807	-	82,807
Element of income	489,951	-	489,951	1,119	-	1,119
Total proceeds on issuance of units	1,401,369	-	1,401,369	83,926	-	83,926
Redemption of units 83,959,397 (2023: 27,532,018 units)						
Capital value (at net asset value per unit at the beginning of the year)	(824,993)	-	(824,993)	(271,568)	-	(271,568)
Income already paid on redemption of units	-	(49,222)	(49,222)	-	-	-
Element of loss	(350,138)	-	(350,138)	2,547	-	2,547
Total payments on redemption of units	(1,175,131)	(49,222)	(1,224,353)	(269,021)	-	(269,021)
Total comprehensive Income / (loss) for the year	-	164,471	164,471	-	(4,589)	(4,589)
Final distribution for the year ended 2024 @ Re.0.5 per unit declared on June 28, 2024	-	(10,477)	(10,477)	-	-	-
Refund of capital	(5,776)	-	(5,776)	-	-	-
	(5,776)	153,994	148,218	-	(4,589)	(4,589)
Net assets at end of the year	583,203	(16,471)	566,732	362,741	(121,243)	241,498
Undistributed loss brought forward						
Realised loss		(112,636)			(47,215)	
Unrealised loss		(8,607)			(69,439)	
		(121,243)			(116,654)	
Accounting income available for distribution						
Relating to capital gains		103,817			-	
Excluding capital gains		11,432			-	
		115,249			-	
Distributions during the year		(10,477)			(4,589)	
Undistributed loss carried forward		(16,471)			(121,243)	
Undistributed loss carried forward:						
Realised loss		(77,562)			(112,636)	
Unrealised gain / (loss)		61,091			(8,607)	
		(16,471)			(121,243)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		9.8261			9.8637	
Net assets value per unit at end of the year		16.9821			9.8261	

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

	June 30, 2024	June 30, 2023
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year before taxation	164,471	(4,589)
Adjustments for:		
Capital gain / (loss) on sale of investment - net	(88,724)	21,756
Dividend income	(27,036)	(35,243)
Mark-up on bank deposits	(8,758)	(5,520)
Unrealised (gain) / loss on re-measurement of investments at 'fair value through profit or loss' - net	(61,091)	8,607
	(21,138)	(14,989)
<b>Decrease / (increase) in assets</b>		
Investments - net	(164,558)	152,857
Receivable from Management Company	(2,483)	
Receivable against sale of units	1,667	(1,667)
Receivable against sale of investments	(1,358)	-
Advances and deposits	(3)	-
	(166,735)	151,190
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	513	(2,339)
Payable to the Trustee	60	(47)
Payable to Securities and Exchange Commission of Pakistan	(17)	(67)
Payable against purchase of investments	(12,798)	-
Accrued expenses and other liabilities	2,622	13,143
	(9,620)	10,690
<b>Cash (used in) / generated from operations</b>	(197,493)	146,891
Dividend received	27,019	35,219
Mark-up received on bank deposits	8,890	5,561
	35,909	40,780
Net cash (used in) / generated from operating activities	(161,584)	187,671
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	1,395,593	83,926
Payment against redemption of units	(1,224,353)	(269,021)
Dividend paid	(10,477)	-
Net cash generated / (used in) financing activities	160,763	(185,095)
Net (decrease) / increase in cash and cash equivalents	(821)	2,576
Cash and cash equivalents at the beginning of the year	26,773	24,197
Cash and cash equivalents at end of the year	25,952	26,773

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

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

Chief Financial Officer

Chief Executive Officer

Director

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

- 1.1** HBL Energy Fund ("the Fund") was established in 2006 as a closed-end scheme under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.
- 1.2** Through an order dated August 31, 2016, the Securities and Exchange Commission of Pakistan (SECP) approved the merger of PICIC Asset Management Company Limited with and into HBL Asset Management Limited effective from August 31, 2016 and the trust deed was revised on February 17, 2017. Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3** Effective from September 01, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.
- 1.4** In accordance with clause 65(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a meeting of the unit holders of the Fund was held on January 31, 2013 whereby the conversion of the Fund into an open-end scheme was duly approved. The SECP accorded its final approval for conversion of the Fund into an open-end scheme through its letter dated May 03, 2013. The conversion of the Fund from a closed end fund to an open-end fund was authorised by the Securities and Exchange commission of Pakistan vide its letter No. SCD / PRDD / AMCW / PEF / 607 / 2013 dated June 24, 2013.. Each unit holder was allotted units according to their respective holdings as at that date on the basis of a ratio of 1 certificate to 1 unit. Accordingly 100,000,000 units were issued on the date of conversion.
- 1.5** Since the effective date of conversion, the certificates of the closed-end scheme were de-listed from Pakistan Stock Exchange. Units of the open-end scheme are listed on the Pakistan Stock Exchange Limited. The units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.6** 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. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.7** The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).
- 1.8** The core objective of the Fund is to invest in securities of the energy sector in Pakistan so as to provide investors an access to high quality blue chip stocks in the energy sector. The eligible stocks comprise of investment in shares of companies engaged in the following activities:
- Oil and Gas Exploration
  - Oil and Gas Marketing
  - Oil Refining
  - Power Generation and Distribution

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

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

### **2.2 Basis of measurement**

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

### **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 the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

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

- Classification and measurement of financial assets (notes 4.2.1.1 and 6)
- Impairment of financial assets (note 4.2.1.3)

- Provision (note 4.4)
- Taxation (notes 4.5 and 17)
- Classification and measurements of financial liabilities (note 4.2.2.1)
- Contingencies and Commitments (note 14)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

#### **Other assets**

Judgement is involved in assessing the realisability of other assets balances.

### **3. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

#### **3.1 New amendments and that are effective for the year ended June 30, 2024**

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

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to 'IAS 12 Income taxes' - International Tax Reform — Pillar Two Model Rules

#### **3.2 Standard and amendments to IFRS that are not yet effective**

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

**Effective from Accounting  
period beginning on or after**

Amendments to IFRS 16 'Leases' -Clarification on how 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 along with Non-current liabilities with Covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
- IFRS 1 – First Time Adoption of International Financial Reporting Standards	
- IFRS 18 – Presentation and Disclosures in Financial Statements	

The following amendments are effective for the year ended June 30, 2018. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

#### **4. SUMMARY OF 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 of bank balances and short-term highly liquid investments with original maturities of three months or less.

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

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

#### **4.2.1 Financial assets**

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

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

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

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

##### **Financial assets at amortised cost (debt instruments)**

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

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

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

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

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

##### **Financial assets at fair value through other comprehensive income (equity instruments)**

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to undistributed income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Dividends are recognised as income in the income statement when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

The Fund elected not to classify irrevocably any of the equity investments under this category on initial recognition.

#### **Financial assets at fair value through profit or loss (equity instruments)**

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of assets and liabilities at fair value with net changes in fair value recognised in the the income statement.

Dividends on equity investments are recognised as income in the income statement when the right of payment has been established.

The Fund elected to classify all of the equity investments at fair value through profit or loss on initial recognition.

#### **4.2.1.2 Fair value measurement principles**

The fair value of financial instruments is determined as follows:

##### **Basis of valuation of government debt securities:**

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

##### **Basis of valuation of equity securities:**

The fair value of equity instruments is determined by using closing rate of securities at day end available on the Pakistan Stock Exchange's website.

##### **Basis of valuation of debt securities:**

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

"The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned Circulars after taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk. "



#### **4.2.1.3 Impairment of financial assets**

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.2.1.4 Derecognition**

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

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

#### **4.2.2 Financial liabilities**

##### **4.2.2.1 Classification and measurement of financial liabilities**

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

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

#### **4.2.2.2 Derecognition**

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

#### **4.2.3 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 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

#### **4.4 Provisions**

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

#### **4.5 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains and accumulated loss, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains and accumulated loss, whether realised or unrealised, to its unit holders.

#### **4.6 Dividend distribution and appropriations**

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end / reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

#### **4.7 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.

#### **4.8 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.

#### **4.9 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.

#### **4.10 Revenue recognition**

- Realised capital gain / (loss) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Mark up on bank deposits is recognised on a time apportionment basis using effective rate.
- Income / profit from investments in government securities is recognised on a time proportionate basis using effective interest rate method.
- Unrealised gain / (loss) arising on re-measurement of investments at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### 4.11 Expenses

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

#### 4.12 Earnings per unit

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

	Note	June 30, 2024	June 30, 2023
		-----Rupees in '000-----	
<b>5. BANK BALANCES</b>			
Cash at bank:			
In current accounts		11	11
In savings accounts	5.1	25,941	26,762
		<b>25,952</b>	<b>26,773</b>

- 5.1** These carry mark-up at rates ranging between 18% to 21.75% per annum (2023: 18% to 21.85% per annum). This includes an amount held by related parties, Habib Bank Limited amounting to Rs. 1.115 million (2023: Rs. 8.941 million) on which markup is earned at rate of 19.5% per annum (2023: 19.5% per annum) and HBL Microfinance Bank Limited amounting to Rs. 0.0382 million (2023: Rs. 0.079 million) on which markup is earned at rate of 21.75% per annum (2023: 17.25% per annum).

	Note	June 30, 2024	June 30, 2023
		-----Rupees in '000-----	
<b>6. INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss</b>			
Listed equity securities	6.1	558,944	244,571

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

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

Name of the investee companies (Sector wise)	As at July 01, 2023	Purchases made during the year	Sales made during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised gain / (loss) on re- measurement of investments	Market value as percentage of total investments	Market value as percentage of net assets	Par value as a percentage of issued capital of the Investee company
	-----Number of Shares-----				-----Rupees in 000-----			-----%-----		
<b>OIL AND GAS EXPLORATION COMPANIES</b>										
Mari Petroleum Company Limited (6.1.1)	24,271	49,514	63,921	9,864	18,704	26,755	8,051	4.79	4.72	0.01
Oil and Gas Development Company Limited (6.1.1)	663,140	1,082,600	897,740	848,000	96,746	114,794	18,048	20.54	20.26	0.02
Pakistan Oilfields Limited	-	108,680	108,680	-	-	-	-	-	-	-
Pakistan Petroleum Limited (6.1.1)	871,502	1,305,900	1,254,002	923,400	92,687	108,139	15,452	19.35	19.08	0.03
	1,558,913	2,546,694	2,324,343	1,781,264	208,137	249,688	41,551	44.67	44.06	0.06

Name of the investee companies (Sector wise)	As at July 01, 2023	Purchases made during the year	Sales made during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised gain / (loss) on re- measurement of investments	Market value as percentage of total investments	Market value as percentage of net assets	Par value as a percentage of issued capital of the Investee company
	-----Number of Shares-----			-----Rupees in 000-----			-----%-----			
OIL AND GAS MARKETING COMPANIES										
Attock Petroleum Limited	26,289	154,969	181,258	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (6.1.1)	2,389	1,026,184	545,684	482,889	80,489	80,261	(228)	14.36	14.16	0.10
Shell Pakistan Limited	110,000	523,000	633,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	457,170	2,173,547	1,384,717	1,246,000	76,793	79,084	2,291	14.15	13.95	0.20
Sui Southern Gas Company Limited	-	2,998,083	2,998,083	-	-	-	-	-	-	-
	595,848	6,875,783	5,742,742	1,728,889	157,282	159,345	2,063	28.51	28.12	0.30
POWER GENERATION AND DISTRIBUTION										
The Hub Power Company Limited (6.1.1)	556,330	1,399,975	1,465,554	490,751	56,910	80,031	23,121	14.32	14.12	0.04
Kot Addu Power Company Limited	-	1,540,500	1,540,500	-	-	-	-	-	-	-
K-Electric Limited	-	13,660,000	7,600,910	6,059,090	31,516	28,054	(3,462)	5.02	4.95	0.02
Nishat Power Limited	527,279	1,044,738	1,572,017	-	-	-	-	-	-	-
Nishat Chunian Power Limited	-	1,134,000	1,134,000	-	-	-	-	-	-	-
	1,083,609	18,779,213	13,312,981	6,549,841	88,426	108,085	19,659	19.34	19.07	0.00
REFINERY										
Attock Refinery Limited	50,420	280,000	256,320	74,100	27,023	26,052	(971)	4.66	4.60	0.07
National Refinery Limited	62,424	267,225	288,849	40,800	11,067	10,832	(235)	1.94	1.91	0.05
Pakistan Refinery Limited	-	2,062,500	1,849,500	213,000	5,918	4,942	(976)	0.88	0.87	0.03
	112,844	2,609,725	2,394,669	327,900	44,008	41,826	(2,182)	7.48	7.38	0.15
As at June 30, 2024					497,853	558,944	61,091			
As at June 30, 2023					253,178	244,571	(8,607)			

**6.1.1** 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 000-----	
Oil and Gas Development Company	326,000	326,000	44,131	25,428
Pakistan Petroleum Limited	255,000	255,000	29,863	15,081
The Hub Power Company Limited	100,000	-	16,308	-
Mari Petroleum Company Limited	5,000	5,000	13,562	7,573
Pakistan State Oil Company Limited	-	100,000	-	11,101
	<b>686,000</b>	<b>686,000</b>	<b>103,864</b>	<b>59,183</b>

**6.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement of the Fund. The final outcome of the case is pending however, management is of the view that the decision will be in the favour and accordingly, has recorded such bonus shares on gross basis at fair value in its investments at year end.

"The Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. The CISs failed to deposit the minimum 50% of the tax liability and accordingly, the stay got vacated automatically. "

The CISs have filed a fresh constitutional petition via CP4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no 3rd party interest on bonus shares issued to the Funds in lieu of their investments be created in mean time. The matter is still pending at adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitution petition will be in favour of the CISs. These shares so withheld represent 2,389 shares of PSO having aggregate fair market value of Rs. 0.397 million at June 30, 2024 (2023: Rs. 0.265 million) and not yet deposited on CDC account of department of Income tax.

Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of the Income Tax Ordinance, 2001 (the Ordinance) requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold 5% of the bonus shares to be issued. Accordingly, post July 01, 2018 shares are not being withheld at the time of bonus issue.

6.3	Net unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss' - net	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
	Market value of investments	558,944	244,571
	Less: Carrying value of investments	(497,853)	(253,178)
		<u>61,091</u>	<u>(8,607)</u>
7.	<b>DIVIDEND AND MARK-UP RECEIVABLE</b>		
	Dividend receivable	122	105
	Mark-up receivable on saving accounts	410	542
		<u>532</u>	<u>647</u>
8.	<b>ADVANCES AND DEPOSITS</b>		
	Security deposits with:		
	National Clearing Company of Pakistan Limited	2,500	2,500
	Central Depository Company of Pakistan Limited	300	300
	Prepaid Annual Fee of CDC	3	-
	Advance tax	274	274
		<u>3,077</u>	<u>3,074</u>

8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The Management is confident that the same shall be refunded after filing refund application. Refund has been filed uptill tax year 2021.

**9. RECEIVABLE FROM MANAGEMENT COMPANY**

	June 30, 2024	June 30, 2023
Note	----- Rupees in '000 -----	
9.1	<b>2,483</b>	-

- 9.1** As per SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the total expense ratio in respect of each CIS to ensure the Total expense ratio is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of total expense ratio at the end of each Quarter during the financial year for the amount of expenses in excess of the Total expense ratio limit prescribed in regulation 60(5) of the NBFC Regulations.

During the year ended June 30, 2024, the Fund was in breach of the total expense ratio ratio of maximum 4.5% as prescribed under NBFC Regulations for a CIS categoriesd as equity scheme. As a result the Fund has recorded receivable from Management Company to comply with the total expense ratio.

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>10. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration payable to the Management Company	10.1	<b>1,057</b>	408
Sindh Sales Tax payable on Management Company's remuneration	10.2	<b>137</b>	52
Allocated Expenses	10.3	-	111
Selling and marketing expenses payable	10.4	<b>538</b>	648
		<b>1,732</b>	1,219

- 10.1** As per the amendment in regulation 61 of the NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the Offering Document is 3% per annum of average annual net assets. During the year, the fee is being charged at the rate ranging between 2% to 3% of the average annual net assets accordingly. The fee is payable monthly in arrears

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

- 10.3** As per Regulation 60(3) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate ranging between 0.55% to 0.6% of the average annual net assets accordingly.

- 10.4** According to the amendment in NBFC regulations 2008, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds with no cap. During the year, the fee is being charged at the rate ranging between 0.275% to 1.05% of the average annual net assets accordingly.

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>11. PAYABLE TO THE TRUSTEE</b>			
Trustee fee payable	11.1	<b>93</b>	40
Sindh Sales Tax payable on remuneration of Trustee	11.2	<b>12</b>	5
		<b>105</b>	45

- 11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee on monthly in arrears.

Up to Rs. 1 billion	0.20% per annum of net assets, whichever is higher
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets on amount exceeding Rs. 1 billion

CDC, vide its notification CDC/CEO/L-112/02/2019, dated June 27, 2019, has revised the rates of the Trustee fee. With effect from July 1, 2019, Trustee fee shall be charged by permanently eliminating the minimum fee component as mentioned in the offering documents. During the year, Management Company has charged the Trustee fee accordingly.

- 11.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023:13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000' -----	
<b>12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
SECP fee payable	12.1	<u>44</u>	<u>61</u>

- 12.1** "In accordance with the regulation 62 of NBFC Regulations 2008, a Collective Investment Scheme (CIS) was required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis

Effective as of July 01, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.095% and introduced a shift in payment frequency, from annual to monthly basis."

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000' -----	
<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty (FED)	13.1	13,920	13,920
Withholding tax payable		3,383	617
Auditors' remuneration		430	267
Brokerage payable		87	606
Zakat payable		251	251
NCCPL charges payable		42	35
Others payable		88	33
Legal and professional charges		150	-
		<u>18,351</u>	<u>15,729</u>

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

On September 04, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.



On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

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

However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, being prudent, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 13.92 million (2023: Rs.13.92 million). 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 Re. 0.42 per unit (2023: Re. 0.57 per unit).

#### 14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 and June 30, 2023.

#### 15. NUMBER OF UNITS IN ISSUE

	June 30, 2024	June 30, 2023
	-----Number of units-----	
Total units in issue at the beginning of the year	24,577,131	43,714,002
Add: Units issued during the year	92,754,587	8,395,147
Less: Units redeemed during the year	(83,959,397)	(27,532,018)
Total units in issue at the end of the year	33,372,321	24,577,131

#### 16. AUDITORS' REMUNERATION

	June 30, 2024	June 30, 2023
	----- Rupees in '000' -----	
Annual audit fee	463	260
Fee for half yearly review	158	134
Other certifications and out of pocket expenses	66	60
	687	454
Sales tax	55	36
	742	490

#### 17. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by accumulated losses and capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash.

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the income available for distribution by the Fund to the unit holders in cash in the manner as explained above accordingly, no provision for taxation has been made in these financial statements.

## 18 TOTAL EXPENSE RATIO

The total annualised expense ratio (TER) of the Fund based on the current year results is 4.58% (2023: 4.94%) which includes 0.53% (2023: 0.44%) representing Government Levies and the SECP Fee, therefore TER excluding Government levies and SECP fee is 4.50%. The prescribed limit for the ratio excluding government levies is 4.5% (2023: 4.5%) under the NBFC Regulations for a collective investment scheme categorised as an 'Equity scheme'.

## 19. DETAILS OF TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include HBL Asset Management Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

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

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
<b>19.1 Details of transactions with related parties / connected persons during the year:</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	10,210	6,063
Sindh Sales Tax on remuneration of the Management Company	1,327	788
Allocated Expense	1,826	1,667
Selling and marketing expense	2,088	1,516
Expense reimbursement from Management Company	2,483	-
Issue of 3,216,539 units (2023: Nil)	56,562	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee	924	606
Sindh Sales Tax on remuneration of the trustee	120	79
CDS charges	127	76

	June 30, 2024 ----- (Rupees in '000) -----	June 30, 2023
<b>Habib Bank Limited - Sponsor</b>		
Bank charges	54	21
Mark-up on bank deposits	700	601
Redemption of Nil (2023: 281,215 units)	-	123,232
<b>DCCL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
Issue of Nil (2023: 452,480 units)	-	5,120
Redemption of 521,371 units (2023: Nil)	7,256	-
<b>Directors and Executives of the Management Company</b>		
Issue of 6,175,519 units (2023: 1,978,963 units)	95,763	19,869
Redemption of 6,164,359 units (2023: 332,239 units)	96,521	3,330
<b>Rohtas Associates (Private) Limited</b>		
- Holding more than 10% of Units		
Redemption of 6,277,914 units (2023: 6,277,914 units)	-	57,629
<b>MCB Bank Limited - Connected person due to holding more than 10% units:</b>		
Bank charges paid	34	-
Markup on bank deposit	3,132	2,096
<b>HBL Micro Finance Bank Limited - Associate</b>		
Markup on bank deposit	303	647
<b>19.2 Balance outstanding as at the year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration payable to the Management Company	1,057	408
Sindh Sales Tax payable on remuneration of the Management Company	137	52
Allocated Expenses payable	-	111
Selling and marketing expenses payable	538	648
Units held: 3,216,539 (2023: Nil)	56,189	-
	2024	2023
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	93	40
Sindh Sales Tax payable on Trustee Remuneration	12	5
Security deposit	300	300
CDS charges payable	-	-

	2024	2023
	----- Rupees in '000 -----	
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	1,115	8,941
<b>DCCL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
Units held: Nil (2023: 521,371)	-	5,123
<b>Directors and Executives of the Management Company</b>		
Units held: 1,710,516 (2023: 1,646,723)	29,880	16,181
<b>MCB Bank Limited- Connected person due to holding more than 10% units:</b>		
Bank balances	16,760	14,193
Units held: Nil (2023: 6,468,400)	-	63,559
<b>HBL Micro Finance Bank Limited -Associate</b>		
Bank balances	38	79
<b>Rohtas Associates Private Limited- Connected person due to holding more than 10% units:</b>		
Units held: Nil (2023: 6,277,914)	-	61,687

## 20. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

- "Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level -1)"
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level - 2) and,

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

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

Particulars	As at 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
Rupees in '000							
<b>Financial assets measured at fair value</b>							
Listed equity securities	558,944	-	558,944	558,944	-	-	558,944
<b>Financial assets not measured at fair value</b>							
Bank balances	-	25,952	25,952				
Dividend and mark-up receivable	-	532	532				
Receivable from Management Company	-	2,483	2,483				
Receivable against sale of investments	-	1,358	1,358				
Advances and deposits	-	2,803	2,803				
	-	33,128	33,128				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	1,595	1,595				
Payable to the Trustee	-	93	93				
Unclaimed dividend	-	5,382	5,382				
Accrued expenses and other liabilities	-	765	765				
	-	7,835	7,835				

Particulars	As at June 30, 2023						
	Carrying amount			Fair Value			
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
Rupees in '000							
<b>Financial assets measured at fair value</b>							
Listed equity securities	244,571	-	244,571	244,571	-	-	244,571
<b>Financial assets not measured at fair value</b>							
Bank balances	-	26,773	26,773				
Dividend and mark-up receivable	-	647	647				
Receivable against sale of units	-	1,667	1,667				
Advances and deposits	-	2,800	2,800				
	-	31,887	31,887				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	1,167	1,167				
Payable to the Trustee	-	40	40				
Unclaimed dividend	-	5,382	5,382				
Payable against purchase of investments	-	12,798	12,798				
Accrued expenses and other liabilities	-	921	921				
	-	20,308	20,308				

## 21. FINANCIAL RISK MANAGEMENT

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

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

The fund preliminarily invest in a portfolio of equity securities. These Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

## 21.1 Market risk

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

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

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

### 21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistan rupees.

### 21.1.2 Interest rate risk

Interest rate risk is a 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) Sensitivity analysis for variable rate instruments

The Fund is exposed to cash flow interest rate risk for balances in certain savings account, the interest rates on which range between 18.0% to 21.75% (2023: 18.0% to 21.85%) per annum.

The Fund's interest rate risk arises from the balances in savings accounts. In case of 100 basis points (decrease) / increase in interest rates on June 30, 2024 with all other variables held constant, the net assets for the year would have been higher / lower by Rs. 0.09 million (2023: Rs. 0.06 million).

#### b) Fair value interest rate risk

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

Particulars	As at June 30, 2024					
	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				

#### On-balance sheet financial instruments

##### Financial assets

Bank Balances	18.0 - 21.50	25,941	-	-	11	25,952
Listed equity securities		-	-	-	558,944	558,944
Dividend and mark-up receivable		-	-	-	532	532
Receivable against sale of investments		-	-	-	1,358	1,358
Advances and deposits		-	-	-	2,803	2,803
<b>Sub total</b>		<b>25,941</b>	<b>-</b>	<b>-</b>	<b>563,648</b>	<b>589,589</b>

Particulars	As at June 30, 2024					
	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				

%

Rupees in '000

**Financial liabilities**

Payable to the Management Company  
Payable to the Trustee  
Unclaimed dividend  
Accrued expenses and other liabilities liabilities

-	-	-	1,595	1,595
-	-	-	93	93
-	-	-	5,382	5,382
-	-	-	765	765

**Sub total**

-	-	-	7,835	7,835
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**On-balance sheet gap**

25,941	-	-	555,813	581,754
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**Total interest rate sensitivity gap**

25,941	-	-		
--------	---	---	--	--

**Cumulative interest rate sensitivity gap**

25,941	-	-		
--------	---	---	--	--

Particulars	As at June 30, 2023					
	Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----				

%

Rupees in '000

**On-balance sheet financial**

**Financial assets**

Bank Balances  
Listed equity securities  
Dividend and mark-up receivable  
Receivable against sale of units  
Advances and deposits

18.0 - 21.85	26,762	-	-	11	26,773
	-	-	-	244,571	244,571
	-	-	-	647	647
	-	-	-	1,667	1,667
	-	-	-	2,800	2,800

**Sub total**

26,762	-	-	249,696	276,458
--------	---	---	---------	---------

**Financial liabilities**

Payable to the Management Company  
Payable to the Trustee  
Unclaimed dividend  
Payable against purchase of investments  
Accrued expenses and other liabilities

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	12,798	12,798
-	-	-	921	921

**Sub total**

-	-	-	13,719	13,719
---	---	---	--------	--------

**On-balance sheet gap**

26,762	-	-	235,977	262,739
--------	---	---	---------	---------

**Total interest rate sensitivity gap**

26,762	-	-		
--------	---	---	--	--

**Cumulative interest rate sensitivity gap**

26,762	-	-		
--------	---	---	--	--

### 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.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified on the Statement of Financial Position at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document / NBFC Regulations, also limit the individual investment in equity securities upto 20% of net assets of the Fund, or issued capital of the investee company.

In case of 5% increase / decrease in price of all shares held by Fund at the year end, net profit for the year would decrease / increase by Rs. 27.95 million (2023: Rs. 12.23 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

### 21.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on bank balances. The credit risk on the fund is limited because the counterparties are banks with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2024		June 30, 2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- (Rupees in '000) -----				
Bank Balances	25,941	25,941	26,762	26,762
Investments in Listed securities	558,944	-	244,571	-
Dividend and mark-up receivable	532	532	647	647
Advances and deposits	2,803	2,803	2,800	2,800
Receivable against sale of units	-	-	1,667	1,667
	<b>588,220</b>	<b>29,276</b>	<b>276,447</b>	<b>31,876</b>



## 21.2.1 Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC Rules and the regulations and the guidelines given by the SECP from time to time.

The analysis below summarises the credit quality of the funds' bank balances as at June 30, 2024 and June 30, 2023.

Name of the bank	Balance as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
Rupees in '000			
<b>Current account</b>			
MCB Bank Limited	10	A-1+	VIS
Habib Metro Bank Limited	1	A-1+	VIS
<b>Savings accounts</b>			
JS Bank Limited	528	A-1+	PACRA
MCB Bank Limited	16,750	A-1+	VIS
Soneri Bank Limited	7,410	A-1+	PACRA
Habib Bank Limited	1,115	A-1+	VIS
Zarai Taraqati Bank Limited	22	A-1+	VIS
Khushali Microfinance Bank Limited	32	A-2	VIS
U Microfinance Bank	9	A-1	VIS
Allied Bank Limited	3	A-1+	PACRA
Habib Metro Bank Limited	10	A-1+	PACRA
Mobilink Microfinance Bank Limited	12	A-1	PACRA
HBL Microfinance Bank Limited	38	A-1	VIS
National Bank of Pakistan	12	A-1+	PACRA
	<b>25,952</b>		

Name of the bank	Balance as at June 30, 2023	Latest available published rating as at June 30, 2023	Rating agency
Rupees in '000			
<b>Current account</b>			
MCB Bank Limited	10	A-1+	VIS
Habib Metropolitan Bank Limited	1	A-1+	VIS
<b>Savings accounts</b>			
JS Bank Limited	324	A-1+	PACRA
MCB Bank Limited	14,183	A-1+	VIS
Soneri Bank Limited	3,149	A-1+	PACRA
Habib Bank Limited	8,941	A-1	VIS
Zarai Taraqati Bank Limited	26	A-1+	VIS
Khushali Microfinance Bank Limited	28	A-1	VIS
U Microfinance Bank	8	A-1	VIS
Allied Bank Limited	3	A-1+	PACRA
Mobilink Microfinance Bank Limited	10	A-1	PACRA
HBL Microfinance Bank Limited	80	A-1	VIS
National Bank of Pakistan	10	A-1+	PACRA
	<b>26,772</b>		

The maximum exposure to credit risk before considering any collateral as at June 30, 2024 and June 30, 2023 is the carrying amount of the financial assets other than investments in equity securities.

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

	June 30, 2024	June 30, 2023
	----- (Percentage) -----	
Rating by rating category		
A-1+	99.65	99.54
A-1	0.23	0.00
A-2	0.00	0.00

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect group 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 obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowings was availed by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

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

**Financial assets**

Bank balances
Investments
Dividend and mark-up receivable
Advances and deposits
Receivable against sale of investments

June 30, 2024						
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

25,952	-	-	-	-	-	25,952
-	-	-	-	-	558,944	558,944
532	-	-	-	-	-	532
2,803	-	-	-	-	-	2,803
-	-	-	-	-	-	-
29,287	-	-	-	-	558,944	588,231

**Financial liabilities**

Payable to Management Company
Payable to Trustee
Dividend payable
Accrued expenses and other liabilities

1,595	-	-	-	-	-	1,595
93	-	-	-	-	-	93
5,382	-	-	-	-	-	5,382
765	-	-	-	-	-	765
7,835	-	-	-	-	-	7,835

**On-balance sheet gap**

**Total liquidity risk sensitivity gap**

**Cumulative liquidity risk sensitivity gap**

21,452	-	-	-	-	558,944	580,396
21,452	-	-	-	-	558,944	580,396
21,452	21,452	21,452	21,452	21,452	580,396	1,160,792

**Financial assets**

Bank balances
Investments
Profit receivable
Advances and deposits
Receivable against sale of units

June 30, 2023						
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

26,773	-	-	-	-	-	26,773
-	-	-	-	-	244,571	244,571
647	-	-	-	-	-	647
3,074	-	-	-	-	-	3,074
1,667	-	-	-	-	-	1,667
32,161	-	-	-	-	244,571	276,732

**Financial liabilities**

Payable to Management Company
Payable to Trustee
Dividend payable
Payable against purchase of investments
Accrued expenses and other liabilities

1,167	-	-	-	-	-	1,167
40	-	-	-	-	-	40
5,382	-	-	-	-	-	5,382
12,798	-	-	-	-	-	12,798
921	-	-	-	-	-	921
20,308	-	-	-	-	-	20,308

**On-balance sheet gap**

**Total liquidity risk sensitivity gap**

**Cumulative liquidity risk sensitivity gap**

11,853	-	-	-	-	244,571	297,040
11,853	-	-	-	-	244,571	297,040
11,853	11,853	11,853	11,853	11,853	256,424	553,464

## **22. UNIT HOLDERS' FUND RISK MANAGEMENT**

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

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

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

## **23. LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

Top ten brokers during the year ended June 30, 2024

1. Intermarket Securities Limited
2. Optimus Capital Management (Private) Limited
3. EFG Hermes Pakistan Limited
4. JS Global Capital Limited
5. Arif Habib Limited
6. Spectrum Securities (Private) Limited
7. Topline Securities (Private) Limited
8. Next Capital Limited
9. Insight Securities (Private) Limited
10. Aba Ali Habib Securities (Private) Limited

Top ten brokers during the year ended June 30, 2023

1. Arif Habib Limited
2. Sherman Securities (Private) Limited
3. Ismail Iqbal Securities (Private) Limited
4. Topline Securities (Private) Limited
5. JS Global Capital Limited
6. Optimus Capital Management (Private) Limited
7. AL Falah CLSA Securities (Private) Limited
8. Spectrum Securities (Private) Limited
9. Cedar Capital (Private) Limited
10. Habib Metropolitan Financial Services Limited

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

Details of members of the investment committee of the Fund as on June 30, 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

**25. PATTERN OF UNIT HOLDING**

Pattern of unit holding as at June 30, 2024 is as follows:

Category	Number of unit holders	Number of units held	Investment amount Rupees in '000	Percentage -----%-----
Individuals	4,551	21,718,841	368,832	65
Associated Company	1	3,216,539	54,624	10
Insurance Company	1	4,035	69	-
Banks and DFIs	3	6,660,356	113,107	20
Retirement Funds	11	733,048	12,448	2
Other Corporates	19	410,613	6,973	1
NBFCs	2	3,235	55	-
Trusts	6	625,655	10,624	2
	<b>4,594</b>	<b>33,372,321</b>	<b>566,732</b>	<b>100</b>

Pattern of unit holding as at June 30, 2023 is as follows:

Category	Number of unit holders	Number of units held	Investment amount Rupees in '000	Percentage -----%-----
Individuals	4505	14,014,414	137,707	57
Associated Company	1	1,646,723	16,181	7
Insurance Companies	2	128,099	1,259	1
Banks and DFIs	3	6,469,719	63,572	26
Retirement Funds	12	779,005	7,655	3
Other Corporates	19	401,626	3,946	2
NBFCs	2	3,162	31	-
Trusts	7	1,134,381	11,147	5
	<b>4550</b>	<b>24,577,131</b>	<b>241,498</b>	<b>100</b>

**26. 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.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
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. 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**

28.1 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  
(Management Company)**

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

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

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



**HBL** Equity Fund

## FUND INFORMATION

NAME OF FUND	HBL Equity Fund
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	BDO Ebrahim & Co. Chartered Accountants.
NAME OF BANKERS	MCB Bank Limited Soneri Bank Limited JS Bank Limited Habib Bank Limited Habib Metro Bank Khushali Microfinance Bank Mobilink Microfinance Bank HBL Microfinance Bank National Bank Limited Allied Bank Limited Zarai Taraqiat Bank Limited



## Type and Category of Fund

Open end Equity Fund

## Investment Objective and Accomplishment of Objective

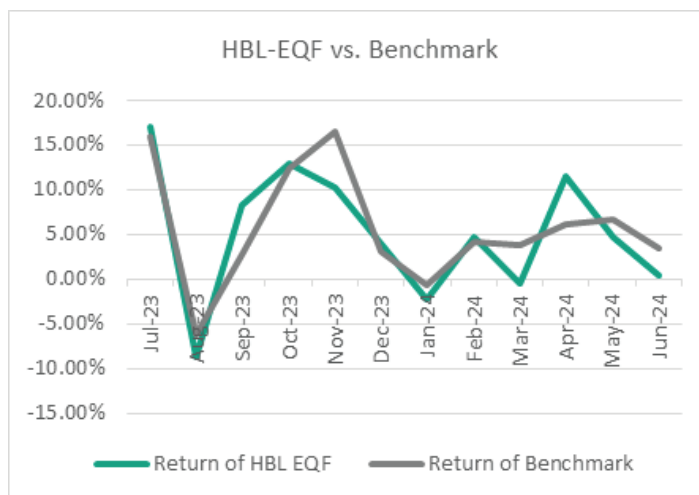
The fund objective is to provide its investors maximum risk adjusted returns over longer investment horizon by investing in a diversified equity portfolio that offers both capital gains and dividend income.

## Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KSE 100 Index.

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

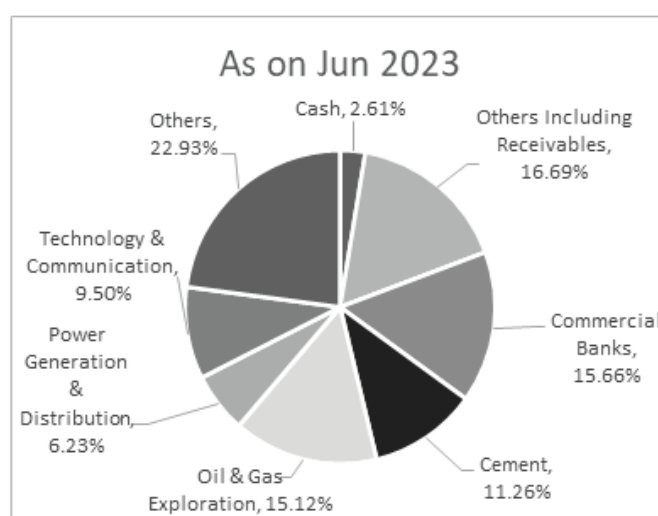
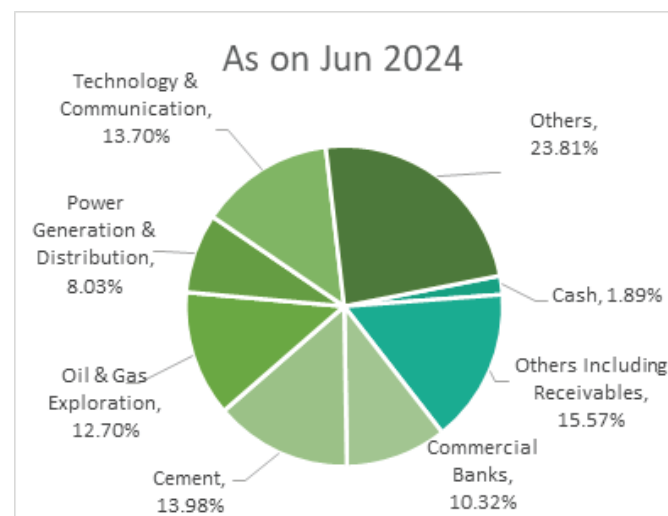
Month	Return of Fund	
	HBL-EQF	Benchmark
Jun-24	0.42%	3.38%
May-24	4.70%	6.72%
Apr-24	11.56%	6.12%
Mar-24	-0.41%	3.76%
Feb-24	4.65%	4.19%
Jan-24	-2.36%	-0.76%
Dec-23	4.04%	3.17%
Nov-23	10.22%	16.59%
Oct-23	12.85%	12.30%
Sep-23	8.25%	2.73%
Aug-23	-8.81%	-6.31%
Jul-23	17.08%	15.88%



## Strategies and Policies employed during the Year

During the year under review, the Fund increased its exposure in equity from 80.70% of total assets as on June 30, 2023 to 82.54% of total assets as on June 30, 2024. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in power generation and distribution, technology, cement and others has increased, while exposure in oil and gas exploration and commercial banks has decreased.

## Asset Allocation



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2024 and June 30, 2023:

Sector Name	As on Jun 2024	As on Jun 2023
Cash	1.89%	2.61%
Others Including Receivables	15.57%	16.69%
Commercial Banks	10.32%	15.66%
Cement	13.98%	11.26%
Oil & Gas Exploration	12.70%	15.12%
Power Generation & Distribution	8.03%	6.23%
Technology & Communication	13.70%	9.50%
Others	23.8%	22.93%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

The total and net income of the Fund was Rs. 180.17 million and Rs. 165.89 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 121.4784 per unit as on June 30, 2024 as compared to Rs. 70.3636 per unit as on June 30, 2023, after incorporating dividends of Rs. 4.15 per unit, thereby giving a return of 78.55%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Fund was Rs. 0.19 billion as on June 30, 2024 as compared to Rs. 0.32 billion at the start of the year.

## Review of Market invested in

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 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.

## Distribution

The Board of Directors approved dividend distribution of up-to Rs. 4.15 per unit to the unit holders for the year ended June 30, 2024.

### Significant Changes in the State of Affairs

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

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	108	2,648
101 – 500	62	16,476
501 – 1,000	25	18,449
1,001 – 10,000	67	262,928
10,001 – 100,000	24	527,469
100,001 – 500,000	-	-
500,001 – 1,000,000	1	754,236
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
<b>Total</b>	<b>287</b>	<b>1,582,206</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –  
HBL EQUITY FUND**  
As at June 30, 2024

	2024	2023	2022	2021	2020	2019
Net assets at the period end (Rs'000)	192,237	323,350	818,077	2,270,367	422,752	245,597
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	121.4784	70.3636	76.8634	139.9454	100.3410	98.3868
Offer	124.2238	71.9538	78.6005	143.1082	102.6087	100.6103
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	129.5909	83.2222	144.4751	143.1350	122.8878	117.9947
Lowest offer price per unit	75.7020	67.0553	78.4233	105.0772	78.7581	93.3239
Highest redemption price per unit	126.7269	81.3829	141.2821	139.9716	120.1719	115.3870
Lowest redemption price per unit	74.0289	65.5733	76.6901	102.7549	77.0175	91.2614
<b>RETURN ( % )</b>						
Total return	78.55%	-8.46%	-45.08%	39.47%	7.61%	-15.46%
Income distribution	5.90%	0.00%	0.00%	0.00%	0.15%	0.00%
Capital growth	72.65%	-8.46%	-45.08%	39.47%	7.46%	-15.46%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	4.15	-	-	-	0.15	-
Date of Income Distribution	28-Jun-2024	-	-	-	26-Jun-20	-
Total dividend distribution for the year/ period (Rs)	4.15	-	-	-	0.15	-
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	78.55%	-8.46%	-45.08%	39.47%	7.61%	-15.46%
Average annual return 2 year	27.85%	-29.10%	-12.48%	22.51%	-4.62%	-13.44%
Average annual return 3 year	-3.54%	-11.16%	-6.24%	8.26%	-6.93%	-1.47%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	1.89%	2.61%	3.75%	24.08%	6.05%	11.01%
Stock / Equities	82.54%	80.70%	94.72%	73.93%	92.91%	84.89%
Others Including receivables	15.57%	16.69%	1.53%	1.99%	1.04%	4.10%

**Note:**

The Launch date of the Fund is September 26, 2011

**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

## Summary of Actual Proxy voted by CIS

HBL EQF	Meetings	Resolutions	For	Against
Number	5	6	6	-
(%ages)	-	-	-	-

(h) AMC did not participate in shareholders' meetings

Scrip	AGM Meeting Dt	EOGM Meeting Dt	ARM
Air Link Communication Ltd	28-Oct-23		
Attock Refinery Ltd	9-Oct-23		
Bank Al-Habib Limited	6-Mar-24		
BankIslami Pakistan Limited	28-Mar-24		
Century Paper & Board Mills Ltd	25-Sep-2023 & 17-Oct-2023		
Cherat Cement Company Ltd.	25-Oct-23	21-Mar-24	
D G Khan Cement Co.Ltd.			
Engro Fertilizers Limited	26-Mar-24		
Fauji Cement Company Limited			
Gul Ahmed Textile Mills Ltd			
Habib Bank Ltd	27-Mar-24	30-May-24	
Honda Atlas Cars (Pakistan) Ltd	27-Jun-24	25-Apr-24	
Hub Power Company Ltd	16-Oct-23		
International Steels Limited	26-Sep-23		
Kot Addu Power Company Ltd	24-Oct-23		
Lalpir Power Limited			
Lucky Cement Ltd	26-Sep-23	23-Nov-23	
Maple Leaf Cement Factory Ltd	19-Oct-23		
MCB Bank Ltd	26 Sep 2023 & 27 March 2024		
Meezan Bank Ltd	29-Mar-24		
Mughal Iron & Steel Inds Ltd		19-Sep-23	
Murree Brewery Company Limited	20-Oct-23		
National Refinery Ltd	23-Oct-23		
Netsol Technologies	25-Oct-23		
Nishat Chunian Power Ltd	25-Sep-23	23-Oct-23	
Nishat Mills Ltd	25-Oct-23		
Nishat Power Limited			
Oil & Gas Development Co Ltd	26-Oct-2023 & 30-Oct-2023		
Pak Suzuki Motor Company Limited	29-Apr-24	07-May-24	
Pakistan Petroleum Ltd	25-Oct-2023 & 30-Oct-2023		
Pakistan State Oil Company Ltd	26-Oct-23		
Pioneer Cement Limited	27-Oct-23		
Sazgar Engineering Works Limited	26-Oct-23		
Shell Pakistan Ltd	25-Apr-24		
Sui Northern Gas Pipeline Ltd	1-Aug-23	30-Sep-23	

Scrip	AGM Meeting Dt	EOGM Meeting Dt	ARM
Telecard Ltd		13 Nov 2023 & 16 Jan 2024-26 June 2024	
TPL Insurance Limited	25-Apr-24		26-Sep-23
TPL Properties Limited	23-Oct-23		04-Oct-23
TPL Trakker Limited	23-Oct-23	21-Jun-24	26-Sep-23
United Bank Limited			
Unity Foods Limited			

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL EQUITY FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Equity Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2024





## INDEPENDENT AUDITOR'S REPORT

### To the unit holders of HBL Equity Fund

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **HBL Equity 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 movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investments</b></p> <p>As disclosed in note 6 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs.190.99 million as at June 30, 2024, consisting of investment in listed equity securities which is the main driver of the Fund's performance and risk exists on this balance.</p> <p>Due to the above reasons, we have identified the existence and valuation as key audit matters matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li> <li>independently matched securities held by the Fund with the securities appearing in the CDC account statement;</li> </ul>





**Other Mater Paragraph**

The annual financial statement of the Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants, whose audit report dated September 25, 2023, expressed an unmodified opinion respectively.

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management Company and Board of Directors of the Management Company for the Financial Statements**

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

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

Board of Director of the Management Company are responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.



- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

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

  
Chartered Accountants

**Place:** Karachi

**Date:** September 27, 2024

**UDIN:** AR202410057d5bhoCK0l

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
ASSETS			
Bank balances	5	4,371	9,794
Investments	6	190,986	302,957
Dividend and mark-up receivable	7	413	306
Receivable against sale of investments - net		28,509	13,625
Advances and deposits	8	2,915	2,915
Receivable from the Management Company	9	4,188	4,934
Total Assets		231,382	334,531
LIABILITIES			
Payable to the Management Company	10	695	1,653
Payable to the Trustee	11	41	60
Payable to Securities and Exchange Commission of Pakistan	12	17	98
Payable against redemption of units		27,317	2,647
Dividend payable		3,130	-
Accrued expenses and other liabilities	13	7,978	6,723
Total Liabilities		39,178	11,181
NET ASSETS		192,204	323,350
UNITHOLDERS' FUND (AS PER STATEMENT ATTACHED)		192,204	323,350
CONTINGENCIES AND COMMITMENTS			
	14	-----Number of units-----	
NUMBER OF UNITS IN ISSUE	15	1,582,206	4,595,440
		-----Rupees-----	
NET ASSETS VALUE PER UNIT		121.4784	70.3636

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

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

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

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

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

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>INCOME</b>			
Capital gain / (loss) on sale of investments - net		133,216	(51,001)
Dividend income		24,861	36,105
Mark-up on bank deposits		2,210	3,724
Income from government securities		-	71
Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss' - net	6.2	19,886	(7,015)
		<b>180,173</b>	<b>(18,116)</b>
<b>EXPENSES</b>			
Remuneration of the Management Company	10.1	6,255	9,832
Sindh Sales Tax on remuneration of the Management Company	10.2	813	1,278
Allocated expenses	10.3	1,275	2,704
Selling and marketing expenses	10.4	1,617	5,162
Remuneration of the Trustee	11.1	565	983
Sindh Sales Tax on remuneration of the Trustee	11.2	74	128
Securities and Exchange Commission of Pakistan fee	12.1	268	98
Auditors' remuneration	16	863	513
Fees and subscriptions		31	27
Legal and professional charges		150	-
Securities transaction costs and settlement charges		6,429	8,576
Bank charges		34	-
Printing charges		94	118
Reimbursement of expenses from the Management Company		(4,188)	(4,934)
<b>Total Expenses</b>		<b>14,280</b>	<b>24,485</b>
<b>Net income / (loss) for the year from operating activities before taxation</b>		<b>165,893</b>	<b>(42,601)</b>
Taxation	17	-	-
<b>Net income / (loss) for the year after taxation</b>		<b>165,893</b>	<b>(42,601)</b>
<b>Allocation of net income for the year</b>			
Net income / (loss) for the year after taxation		165,893	(42,601)
Income already paid on redemption of units		(93,725)	-
		<b>72,168</b>	<b>(42,601)</b>
<b>Accounting income available for distribution:</b>			
Relating to capital gains		66,863	-
Excluding capital gains		5,305	-
		<b>72,168</b>	<b>-</b>
Earnings per unit	4.11		

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

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

Chief Financial Officer

Chief Executive Officer

Director

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

June 30,                      June 30,  
**2024                      2023**  
 ----- Rupees in '000 -----

<b>Net income / (loss) for the year after taxation</b>	<b>165,893</b>	<b>(42,601)</b>
Other comprehensive income	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>165,893</b>	<b>(42,601)</b>

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

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

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

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

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

# HBL EQUITY FUND

## Statement of Movement in Unitholders' Fund

For the year ended June 30, 2024

	June 30, 2024			June 30, 2023		
	Capital value	Accumulated loss	Total	Capital value	Undistributed income	Total
----- Rupees in '000 -----						
Net assets at beginning of the year	1,073,154	(749,804)	323,350	1,525,280	(707,203)	818,077
<b>Issuance of 2,812,543 units (2023: 557,962 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	197,900	-	197,900	42,886	-	42,886
Element of income / (loss)	99,845	-	99,845	(2,518)	-	(2,518)
<b>Total proceeds on issuance of units</b>	<b>297,745</b>	<b>-</b>	<b>297,745</b>	<b>40,368</b>	<b>-</b>	<b>40,368</b>
<b>Redemption of 5,825,777 units (2023: 6,605,779 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(409,923)	-	(409,923)	(507,738)	-	(507,738)
Income already paid on units redeemed	-	(93,725)	(93,725)	-	-	-
Element of income / (loss)	(84,669)	-	(84,669)	15,244	-	15,244
<b>Total payments on redemption of units</b>	<b>(494,592)</b>	<b>(93,725)</b>	<b>(588,317)</b>	<b>(492,494)</b>	<b>-</b>	<b>(492,494)</b>
Total comprehensive income / (loss) for the year	-	165,893	165,893	-	(42,601)	(42,601)
Final distribution for the year ended 2024 (cash distribution @ Rs 4.150 per unit declared on June 28, 2024)	-	(5,829)	(5,829)	-	-	-
Refund of capital	(638)	-	(638)	-	-	-
	(638)	160,064	159,426	-	(42,601)	(42,601)
<b>Net assets at end of the year</b>	<b>875,669</b>	<b>(683,465)</b>	<b>192,204</b>	<b>1,073,154</b>	<b>(749,804)</b>	<b>323,350</b>
<b>Undistributed loss brought forward</b>						
Realised		(742,789)			(340,374)	
Unrealised		(7,015)			(366,829)	
		(749,804)			(707,203)	
<b>Accounting income available for distribution</b>						
Relating to capital gains		66,863			-	
Excluding capital gains		5,305			-	
		72,168			-	
Distribution during the year		(5,829)			(42,601)	
Undistributed loss carried forward		(683,465)			(749,804)	
<b>Undistributed loss carried forward</b>						
Realised		(703,351)			(742,789)	
Unrealised		19,886			(7,015)	
		(683,465)			(749,804)	
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the year</b>	<b>70.3636</b>			<b>76.8634</b>		
<b>Net assets value per unit at end of the year</b>	<b>121.4784</b>			<b>70.3636</b>		

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

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

Chief Financial Officer

Chief Executive Officer

Director



	Note	June 30, 2024 ----- Rupees in '000 -----	June 30, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the year from operating activities before taxation		165,893	(42,601)
Adjustments for:			
Capital gain / (loss) on sale of investments - net		(133,216)	51,001
Dividend income		(24,861)	(36,105)
Mark-up on bank deposits		(2,210)	(3,724)
Income from government securities		-	(71)
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss - net		(19,886)	7,015
		(14,280)	(24,485)
<b>(Increase) / Decrease in assets</b>			
Investments - net		250,189	422,032
Receivable from the Management Company		746	(4,934)
		250,935	417,098
<b>Increase / (Decrease) in liabilities</b>			
Payable to the Management Company		(958)	(5,448)
Payable to the Trustee		(19)	(120)
Payable to Securities and Exchange Commission of Pakistan		(81)	(211)
Accrued expenses and other liabilities		1,255	(35)
		197	(5,813)
<b>Cash generated from operations</b>		236,852	386,800
Dividend received		24,626	36,068
Mark-up received on bank deposits		2,338	4,972
Income received from Government securities		-	71
		26,964	41,111
<b>Net cash generated from operating activities</b>		263,816	427,911
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of units		297,107	40,368
Payment against redemption of units		(563,647)	(489,847)
Dividend Paid		(2,699)	-
Net cash used in financing activities		(269,239)	(449,479)
Net decrease in cash and cash equivalents during the year		(5,423)	(21,568)
Cash and cash equivalents at the beginning of the year		9,794	31,362
Cash and cash equivalents at the end of the year	5	4,371	9,794

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

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

Chief Financial Officer

Chief Executive Officer

Director

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

- 1.1** HBL Equity Fund ("the Fund") was established under a Trust Deed executed between HBL Asset Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/NBFC-II/PSF/249/2011 dated June 01, 2011 and the trust deed was executed on June 14, 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 August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.4** The Fund is an open-ended mutual fund and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs.100 per unit from September 24, 2011 to September 26, 2011. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.5** The Fund has been categorised as an equity scheme as per the criteria laid down by the SECP for categorisation of the Collective Investment Schemes (CISs).
- 1.6** The investment objective of the Fund is to provide investors a diversified equity portfolio with a primary objective of maximizing risk-adjusted returns over longer investment horizon through a combination of capital gains and dividend income.
- 1.8** Title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.
- 1.9** VIS Credit Rating Company has assigned a management quality rating of 'AM1' (Stable Outlook) to the Management Company as at December 29, 2023.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

- 2.1.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
  - NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.



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

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

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

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

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

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

- (a) Classification and measurement of financial assets (Note 4.2.1.1 and 6)
- (b) Impairment of financial assets (Note 4.2.1.2)
- (c) Provisions (Note 4.3)
- (d) Taxation (Note 4.4 and 17)
- (d) Classification and measurement of financial liabilities (Note 4.2.2)
- (e) Contingencies and commitments (Note 14)

## **3. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

### **3.1 New amendments that are effective for the year ended June 30, 2024**

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

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies

- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

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

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

	Effective from Accounting period beginning on or after
- Amendments to IFRS 16 'Leases' - Clarification on how 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 along with Non-current liabilities with Covenants	January 01, 2024
- Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
	Effective from Accounting period beginning on or after
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements.
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION

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

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

Cash and cash equivalents comprise of banks balances 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**

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

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

##### **Financial assets at fair value through other comprehensive income (equity instruments)**

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to undistributed income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Dividends are recognised as income in the income statement when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

The Fund elected not to classify irrevocably any of the equity investments under this category on initial recognition.

##### **Financial assets at fair value through profit or loss (equity instruments)**

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of assets and liabilities at fair value with net changes in fair value recognised in the the income statement.

Dividends on equity investments are recognised as income in the income statement when the right of payment has been established.

The Fund elected to classify all of the equity investments at fair value through profit or loss on initial recognition.

**Financial assets at amortised cost (debt instruments)**

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

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

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

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

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

**Fair value measurement principles**

The fair value of financial instruments is determined as follows:

**Basis of valuation of equity securities:**

The fair value of equity instruments is determined by using closing rate of securities at day end available on the Pakistan Stock Exchange's website

**Basis of valuation of government debt securities:**

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

**4.2.1.2 Impairment of financial assets**

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.2.1.3 Regular way contracts**

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

#### **4.2.1.4 Derecognition**

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

#### **4.2.2 Financial liabilities**

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

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

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

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of Section 113 (minimum tax) and Section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, to its unit holders.

#### **4.5 Dividend distribution and appropriations**

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

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

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

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

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

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

#### **4.8 Net assets value per unit**

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

#### 4.9 Revenue recognition

- Realised capital gain / (loss) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Mark up on bank deposits is recognised on a time apportionment basis using effective rate.
- Income / profit from investments in government securities is recognised on a time proportionate basis using effective interest rate method.
- Unrealised gain / (loss) arising on re-measurement of investments 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 Management Company, Trustee fee and fee of SECP are recognised in the income statement on an accrual basis.

#### 4.11 Earnings per unit

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

	Note	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>5. BANK BALANCES</b>			
In current accounts	5.1	201	702
In savings accounts	5.2	4,170	9,092
		<u>4,371</u>	<u>9,794</u>

**5.1** These include balance of Nil (2023: Rs. 0.50 million) held with HBL Bank Limited, a related party

**5.2** These carry mark-up ranging from 19.51% to 21.50% per annum (2023: 8.65% to 22.25%per annum). These includes an amount held with Habib Bank Limited (a related party) amounting to Rs. 3.39 million (2023: Rs. 0.11 million) on which return is earned at 19.51% per annum (2023: 14.5% per annum) and HBL Microfinance Bank Limited (a related party) amounting to Rs. 0.02 million (2023: Rs. 2.44 millions) on which returned earned at 19.51% per annum (2023: 17.00% per annum).

	Note	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>6. INVESTMENTS</b>			
<b>Financial assets at fair value through profit or loss</b>			
Listed equity securities	6.1	<u>190,986</u>	<u>302,957</u>

## 6.1 Listed equity securities

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

Name of the investee companies	As at July 01, 2023	Purchased during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised gain / (loss)	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the Investee company
	Number of shares			Rupees in 000			%			
<b>Automobile Assembler</b>										
Honda Atlas Cars (Pakistan) Limited (6.1.1)	-	303,146	289,146	14,000	4,188	3,968	(220)	2.08	2.06	0.01
Pak Suzuki Motor Company Limited	-	6,300	6,300	-	-	-	-	-	-	-
Sazgar Engineering Works Limited (6.1.1)	-	268,000	258,500	9,500	3,728	7,908	4,180	4.14	4.11	0.02
	-	577,446	553,946	23,500	7,916	11,876	3,960	6.22	6.17	0.03
<b>Cement</b>										
Cherat Cement Company Limited	106,000	258,000	364,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	-	1,691,137	1,561,137	130,000	10,485	11,735	1,250	6.14	6.11	0.03
Fauji Cement Company Limited	-	642,500	538,500	104,000	2,113	2,383	270	1.25	1.24	0.00
Lucky Cement Limited	-	63,500	63,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited (6.1.1)	1,041,500	2,621,066	3,544,566	118,000	3,647	4,484	837	2.35	2.33	0.01
Pioneer Cement Limited	-	428,627	347,127	81,500	13,086	13,745	659	7.20	7.15	0.04
	1,147,500	5,704,830	6,418,830	433,500	29,331	32,347	3,016	16.94	16.83	0.08
<b>Commercial Banks</b>										
Bank Al-Habib Limited	-	517,500	517,500	-	-	-	-	-	-	-
BankIslami Pakistan Limited	1,656,000	1,783,000	3,439,000	-	-	-	-	-	-	-
Faysal Bank Limited (6.1.2)	1,440	-	-	1,440	29	76	47	0.04	0.04	0.00
Habib Bank Limited* (6.1.1)	223,500	1,397,826	1,582,326	39,000	4,333	4,837	504	2.53	2.52	0.00
MCB Bank Limited	-	136,500	136,500	-	-	-	-	-	-	-
Meezan Bank Limited	-	550,171	550,171	-	-	-	-	-	-	-
United Bank Limited (6.1.1)	110,500	282,812	319,312	74,000	11,119	18,962	7,843	9.93	9.87	0.01
	1,991,440	4,667,809	6,544,809	114,440	15,481	23,875	8,394	12.50	12.43	0.01
<b>Engineering</b>										
International Steels Limited	-	288,000	288,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited (6.1.1)	251,216	296,284	547,500	-	-	-	-	-	-	-
	251,216	584,284	835,500	-	-	-	-	-	-	-
<b>Fertilizers</b>										
Engro Fertilizers Limited (6.1.1)	371,000	208,500	520,000	59,500	7,049	9,890	2,841	5.18	5.15	0.00
<b>Food Products</b>										
Murree Brewery Company Limited	-	36,500	36,500	-	-	-	-	-	-	-
Unity Foods Limited	-	100,000	100,000	-	-	-	-	-	-	-
	-	136,500	136,500	-	-	-	-	-	-	-
<b>Insurance</b>										
TPL Insurance Limited	176,750	-	176,750	-	-	-	-	-	-	-
<b>Oil and Gas Exploration Companies</b>										
Oil and Gas Development Company Limited (6.1.1)	364,500	974,386	1,230,886	108,000	12,641	14,620	1,979	7.66	7.61	0.00
Pakistan Petroleum Limited (6.1.1)	479,500	1,141,271	1,494,771	126,000	13,191	14,756	1,565	7.73	7.68	0.00
	844,000	2,115,657	2,725,657	234,000	25,832	29,376	3,544	15.39	15.29	0.01
<b>Oil and Gas Marketing Companies</b>										
Pakistan State Oil Company Limited (6.1.1) (6.1.2)	227,000	362,035	541,813	47,222	6,800	7,849	1,049	4.11	4.08	0.01
Shell Pakistan Limited	-	262,000	262,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	366,000	1,581,860	1,794,460	153,400	9,194	9,736	542	5.10	5.07	0.02
	593,000	2,205,895	2,598,273	200,622	15,994	17,585	1,591	9.21	9.15	0.03
<b>Paper and Board</b>										
Century Paper and Board Mills Limited	-	416,000	416,000	-	-	-	-	-	-	-
<b>Pharmaceuticals</b>										
The Searle Company Limited (6.1.2)	445	-	-	445	17	25	8	0.01	0.01	-
<b>Power Generations and Distribution</b>										
Hub Power Company Limited (6.1.1)	336,000	792,286	1,014,286	114,000	13,275	18,591	5,316	9.73	9.67	0.01
Kot Addu Power Company Limited	-	533,000	533,000	-	-	-	-	-	-	-
Lalpir Power Limited	-	208,000	208,000	-	-	-	-	-	-	-
Nishat Chunian Power Limited	-	1,730,000	1,730,000	-	-	-	-	-	-	-
Nishat Power Limited	-	1,152,500	1,152,500	-	-	-	-	-	-	-
	336,000	4,415,786	4,637,786	114,000	13,275	18,591	5,316	9.73	9.67	0.01
<b>Property</b>										
TPL Properties Limited	-	100,000	100,000	-	-	-	-	-	-	-
<b>Refinery</b>										
Attock Refinery Limited	-	617,244	594,744	22,500	7,579	7,911	332	4.14	4.12	0.02
National Refinery Limited	-	568,175	538,675	29,500	7,547	7,832	285	4.10	4.07	0.04
	-	1,185,419	1,133,419	52,000	15,126	15,743	617	8.24	8.19	0.00
<b>Technology and Communication</b>										
Air Link Communication Limited	-	385,967	385,967	-	-	-	-	-	-	-
NetSol Technologies Limited	-	64,000	-	64,000	9,356	8,689	(667)	4.55	4.52	0.07
Systems Limited (6.1.2)	5,142	-	-	5,142	2,074	2,150	76	1.13	1.12	0.00
Telecard Limited	-	750,000	750,000	-	-	-	-	-	-	-
TPL Tracker Limited (6.1.1)	3,800,000	34,500	473,398	3,361,102	29,648	20,839	(8,809)	10.91	10.84	1.79
	3,805,142	1,234,467	1,609,365	3,430,244	41,079	31,678	(9,401)	16.59	16.48	1.87
<b>Textile Composite</b>										
Gul Ahmed Textile Mills Limited	-	129,000	129,000	-	-	-	-	-	-	-
Nishat Mills Limited	-	343,260	343,260	-	-	-	-	-	-	-
	-	472,260	472,260	-	-	-	-	-	-	-
<b>As at June 30, 2024</b>					<b>171,099</b>	<b>190,986</b>	<b>19,886</b>			
<b>As at June 30, 2023</b>					<b>309,972</b>	<b>302,957</b>	<b>(7,015)</b>			

\* Sponsor of the Management Company



- 6.1.1** 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	
	Number of shares	Rupees in 000	Number of shares	Rupees in 000
Honda Atlas Cars (Pakistan) Limited	5,000	1,417	-	-
Habib Bank Limited	6,000	744	10,000	732
The Hub Power Company Limited	56,110	9,150	7,000	487
United Bank Limited	7,500	1,922	85,000	9,991
Sazgar Engineering Works Limited	5,000	4,162	-	-
Pakistan Petroleum Limited	51,500	6,031	30,000	1,774
Engro Fertilizers Limited	10,000	1,662	110,000	9,078
Pakistan State Oil Company Limited	46,000	7,646	15,000	1,665
Maple Leaf Cement Factory Limited	103,500	3,933	80,000	2,266
Oil and Gas Development Company Limited	100,000	13,537	165,000	12,870
Mughal Iron & Steel Industries Limited	-	-	14,000	678
TPL Trakker Limited	-	-	200,000	1,768
	<b>390,610</b>	<b>50,204</b>	<b>716,000</b>	<b>41,310</b>

- 6.1.2** These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 2.288 million at June 30, 2024 (2023: Rs. 2.145 million) and not yet deposited on CDC account of department of Income tax. The final outcome of the case is pending however, Management Company is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

These bonus shares include the following shares:

	As at June 30, 2024		As at June 30, 2023	
	Number of shares withheld	Market value	Number of shares withheld	Market value
		(Rs in 000)		(Rs in 000)
Faysal Bank Limited	1,440	76	1,440	29
Pakistan State Oil Company Limited	222	37	222	25
The Searle Company Limited	445	25	445	17
Systems Limited	5,142	2,150	5,142	2,074
	<b>7,249</b>	<b>2,288</b>	<b>7,249</b>	<b>2,145</b>

"The Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically. "

Subsequent to 2019, the CISs have filed a fresh constitutional petition via CP4653 dated July 11, 2019. In this regard, on July 15, 2019, the High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in mean time. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitution petition will be in favor of the CISs.

Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of the Income Tax Ordinance, 2001 (the Ordinance) requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold 5% of the bonus shares to be issued. Accordingly, post July 01, 2018, shares are not being withheld at the time of bonus issue.

	Note	June 30, 2024 ----- Rupees in '000 -----	June 30, 2023
<b>6.2 Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss' - net</b>			
Market value of investments		<b>190,986</b>	302,957
Less: Carrying value of investments		<b>171,099</b>	309,972
		<b>19,887</b>	(7,015)
<b>7. DIVIDEND AND MARK-UP RECEIVABLE</b>			
Dividend receivable		<b>307</b>	72
Mark-up receivable on savings accounts		<b>106</b>	234
		<b>413</b>	306
<b>8. ADVANCES AND DEPOSITS</b>			
Security deposits with:			
National Clearing Company of Pakistan Limited		<b>2,500</b>	2,500
Central Depository Company of Pakistan Limited		<b>100</b>	100
Advance tax	8.1	<b>315</b>	315
		<b>2,915</b>	2,915
<b>8.1</b>	The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under Section 150, 150A, 151 and 233 of ITO 2001.		
The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under Section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same will be refunded and retron application has been filed till tax year 2021.			

**9. RECEIVABLE FROM THE MANAGEMENT COMPANY**

	June 30, 2024	June 30, 2023
Note	----- Rupees in '000 -----	
9.1	<u>4,188</u>	<u>4934</u>

- 9.1** As per SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the total expense ratio (TER) in respect of each CIS to ensure the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each Quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in regulation 60(5) of the NBFC Regulations.

During the year ended June 30, 2024, the Fund was in breach of the TER of maximum 4.5% as prescribed under NBFC Regulations for a CIS categoriesd as equity scheme. As a result the Fund has recorded receivable from Management Company to comply with the TER.

	June 30, 2024	June 30, 2023
Note	----- Rupees in '000 -----	

**10. PAYABLE TO THE MANAGEMENT COMPANY**

Remuneration payable to the Management Company	10.1	416	534
Sindh Sales Tax Payable on Management Company's remuneration	10.2	54	69
Allocated expenses	10.3	-	147
Selling and marketing expenses payable	10.4	<u>225</u>	<u>903</u>
		<u>695</u>	<u>1,653</u>

**11. PAYABLE TO THE TRUSTEE**

Trustee fee payable	11.1	53	156
Sindh Sales Tax payable on Trustee Fee	11.2	7	20
CDS charges payable		<u>93</u>	<u>4</u>
		<u>153</u>	<u>180</u>

- 10.1** As per the Regulation 61 of the NBFC Regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the offering document is 3% per annum of average annual net assets. During the year, the fee is being charged at the rate ranging from 2% to 3% of the average annual net assets. The fee is payable monthly in arrears.
- 10.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.
- 10.3** As per Regulation 60(3) of the NBFC Regulations, fee and expenses related to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate ranging from 0.55% to 0.67% of the average annual net assets.
- 10.4** As per Regulation 60(3) of the NBFC Regulations, selling and marketing expense maybe charged for all categories of funds, except fund of funds. During the year, the fee is being charged at the rate ranging from 0.275% to 1.05% of the average annual net assets accordingly.

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>11. PAYABLE TO THE TRUSTEE</b>			
Trustee fee payable	11.1	36	53
Sindh Sales Tax payable on Trustee Fee	11.2	5	7
		<u>41</u>	<u>60</u>

- 11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund. The fee is paid to the Trustee on monthly basis in arrears.

Based on the Trust deed, Trustee fee has been charged based on the following tariff structure applicable to the Fund:

Average Net asset Value	Tariff per annum
Upto Rs. 1 billion	0.20% per annum of net assets value whichever is higher
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets value exceeding Rs. 1,000 million

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

- 11.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>12. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
SECP fee payable	12.1	<u>17</u>	<u>98</u>

- 12.1** "In accordance with the Regulation 62 of NBFC Regulations 2008, a Collective Investment Scheme (CIS) was required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis.

Effective as of July 01, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.095% and introduced a shift in payment frequency, from annual to monthly basis."

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty (FED)	13.1	5,685	5,685
Withholding tax payable		615	169
Auditors' remuneration		525	192
Printing and other charges		-	23
Brokerage payable		919	376
Zakat payable		22	22
Sindh sales tax payable		15	33
Other payables		197	223
		<b>7,978</b>	<b>6,723</b>

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

On September 04, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, being prudent has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 5.685 million (2023: Rs. 5.685 million). Had the provision not been made, the net asset value per unit of the Fund as at 2024 would have been higher by Rs. 3.593 per unit (2023: Rs. 1.237 per unit).

#### **14. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2024 and June 30, 2023.

	June 30, 2024	June 30, 2023
	-----Number of units-----	
<b>15. NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	4,595,440	10,643,257
Add: Units issued during the year	2,812,543	557,962
Less: Units redeemed during the year	(5,825,777)	(6,605,779)
Total units in issue at the end of the year	<b>1,582,206</b>	<b>4,595,440</b>

June 30,                      June 30,  
**2024                      2023**  
-----Rupees in '000-----

**16. AUDITORS' REMUNERATION**

Annual audit fee	<b>423</b>	276
Fee for half yearly review	<b>183</b>	155
Other certifications	<b>140</b>	28
Out of pocket	<b>53</b>	16
	<b>799</b>	475
Sales tax	<b>64</b>	38
	<b>863</b>	513

**17. TAXATION**

"The Fund's income is exempt from income tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by accumulated losses and capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash.

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the income available for distribution by the Fund to the unit holders in cash in the manner as explained above accordingly, no provision for taxation has been made in these financial statements."

**18. TOTAL EXPENSE RATIO**

The total annualised expense ratio (TER) of the Fund based on the current year results is 5.07% (2023: 4.98%) which includes 0.65% (2023: 0.48%) representing Government Levies and the SECP Fee, therefore TER excluding Government levies and SECP fee is 4.42%. The prescribed limit for the ratio excluding government levies is 4.5% (2023: 4.5%) under the NBFC Regulations for a collective investment scheme categorised as an 'Equity scheme'.

**19. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES**

Related parties / connected persons of the Fund include HBL Asset Management Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

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

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

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

	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
<b>19.1 Details of transactions with related parties / connected persons during the year:</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	6,255	9,832
Sindh Sales Tax on remuneration of the Management Company	813	1,278
Allocated expenses	1,275	2,704
Sales load paid	72	72
Selling and marketing expenses	1,617	5,162
Expenses reimbursement from Management Company	4,188	4,934
Redemption Nil units (2023: 85,696 units)	-	5,866
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	565	983
Sindh Sales Tax on remuneration of the Trustee	74	128
Central Depository service charges	83	258
<b>Habib Bank Limited - Sponsor</b>		
Dividend income	1,854	1,209
Mark-up on bank deposits	337	309
Redemption of Nil units (2023: 2,990,876 units)	-	229,297
Purchase of shares 1,397,826 (2023: 1,741,180)	132,705	109,552
Sale of shares 1,582,326 (2023: 1,524,800)	150,415	131,836
Redemption of Nil (2023: 2,990,876 units)	-	229,297
<b>HBL Microfinance Bank Limited - Associate</b>		
Profit / mark-up	304	317
<b>Directors and Executives of the Management Company</b>		
Issue of 19,489 units (2023: 2,534 units)	2,162	200
Redemption of 16,755 units (2023: 2,534 units)	1,802	191
<b>CDC TRUSTEE - PUNJAB PENSION FUND TRUST</b>		
<b>Connected Person due to holding more than 10% units</b>		
Redemption of Nil units (2023: 1,692,360 units)	-	124,463
<b>DCCL Trustee HBL Financial Planning Fund Active</b>		
<b>Allocation Plan - Under Common Management</b>		
Redemption of Nil units (2023: 256,101 units)	-	19,116
<b>DCCL Trustee HBL Financial Planning Fund Conservative</b>		
<b>Allocation Plan - Under Common Management</b>		
Issue of Nil units (2023: Nil units)	-	-
Redemption of Nil units (2023: 60,518 units)	-	4,463

June 30, June 30,  
2024 2023  
----- Rupees in '000 -----

**CDC TRUSTEE HBL Cash Fund - Under Common Management**

Sale of T-Bill	-	14,827
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**19.2 Balances outstanding as at year end**

**HBL Asset Management Limited - Management Company**

Remuneration payable to the Management Company	416	534
Sindh Sales Tax on remuneration of the Management Company	54	69
Allocated expenses	-	147
Selling and marketing expense payable	225	903
Receivable from the Management Company	4,188	4,934

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

Trustee fee payable	36	53
Sindh Sales Tax payable on Trustee Fee	5	7
Security deposit	100	100
CDS charges payable	8	93

**Habib Bank Limited - Sponsor**

Bank balances	3,390	612
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**HBL Microfinance Bank Limited - Associate**

Bank balances	21	2,449
Profit / mark-up receivable	10	77

**Directors and Executives of the Management Company**

Units held: 2,856 units (2023: 894 units)	352	63
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**20. 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 values estimates.

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

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

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

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



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

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

Particular	As at June 30, 2024						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----							
<b>Financial assets measured at fair value</b>							
Listed equity securities	190,986	-	190,986	190,986	-	-	190,986
	190,986	-	190,986	190,986	-	-	190,986
<b>Financial assets not measured at fair value</b>							
Bank balances	-	4,371	4,371				
Dividend and mark-up receivable	-	413	413				
Deposits	-	2,600	2,600				
Receivable against sale of investments - net	-	28,509	28,509				
	-	35,893	35,893				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	641	641				
Payable to the Trustee	-	36	36				
Payable against redemption of units	-	27,317	27,317				
Dividend payable	-	3,130	3,130				
Accrued expenses and other liabilities	-	1,599	1,599				
	-	32,723	32,723				

Particulars	As at June 30, 2023						
	Carrying amount			Fair Value			
	Fair value through profit and loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----							
<b>Financial assets measured at fair value</b>							
Listed equity securities	302,957	-	302,957	302,957	-	-	302,957
	302,957	-	302,957	302,957	-	-	302,957
<b>Financial assets not measured at fair value</b>							
Bank balances	-	9,794	9,794				
Dividend and mark-up receivable	-	306	306				
Deposits	-	2,600	2,600				
Receivable against sale of investments - net	-	13,625	13,625				
	-	26,325	26,325				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	1,584	1,584				
Payable to the Trustee	-	53	53				
Payable against redemption of units	-	2,647	2,647				
Accrued expenses and other liabilities	-	800	800				
	-	5,084	5,084				

## 21. UNIT HOLDERS' FUND RISK MANAGEMENT

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

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and

- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

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

## **22. 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 preliminarily invest in a portfolio of equity securities. These Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### **22.1 Market risk**

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

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

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

#### **22.1.1 Currency risk**

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

#### **22.1.2 Interest rate risk**

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on bank balances.

##### **a) Sensitivity analysis for variable rate instruments**

The Fund is exposed to cash flow interest rate risk for balances in savings accounts, the interest rates on which ranging between 19.51% to 21.50% (2023: 8.65% to 22.25%) per annum.

The Fund's interest rate risk arises from the balances in savings accounts. In case of 100 basis points increase / decrease in interest rates on June 30, 2024 with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.0221 million (2023: Rs 0.03724 million).

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

The Fund currently does not have any fixed rate instruments and therefore, it is not exposed to fair value interest rate risk.

The fund interest rate sensitivity related to financial assets and liabilities as at June 30, 2024 as follows:

As at June 30, 2024					
Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
%	----- Rupees in '000 -----				

**On-balance sheet financial  
instruments**

**Financial assets:**

Bank balances	19.51 - 21.50	4,170	-	-	201	4,371
Investments						
Listed equity securities		-	-	-	190,986	190,986
Dividend and mark-up receivable		-	-	-	413	413
Deposits		-	-	-	2,600	2,600
Receivable against sale of investments - net		-	-	-	28,509	28,509
<b>Sub total</b>		<b>4,170</b>	<b>-</b>	<b>-</b>	<b>222,709</b>	<b>226,879</b>

**Financial liabilities:**

Payable to the Management Company		-	-	-	641	641
Payable to the Trustee		-	-	-	36	36
Payable against redemption of units		-	-	-	27,317	27,317
Dividend payable		-	-	-	27,317	27,317
Accrued expenses and other liabilities		-	-	-	1,599	1,599
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>56,910</b>	<b>56,910</b>
<b>On-balance sheet gap</b>		<b>4,170</b>	<b>-</b>	<b>-</b>	<b>165,799</b>	<b>169,969</b>
<b>Total interest rate sensitivity gap</b>		<b>4,170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>4,170</b>	<b>-</b>	<b>-</b>		

As at June 30, 2023					
Effective yield interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
%	----- Rupees in '000 -----				

**On-balance sheet financial**

**Financial assets**

Bank balances	8.65 - 22.25	9,092	-	-	702	9,794
Investments						
Listed equity securities		-	-	-	302,957	302,957
Dividend and mark-up receivable		-	-	-	306	306
Deposits		-	-	-	2,600	2,600
Receivable against sale of investments - net		-	-	-	13,625	13,625
<b>Sub total</b>		<b>9,092</b>	<b>-</b>	<b>-</b>	<b>320,190</b>	<b>329,282</b>

**Financial liabilities:**

Payable to the Management Company		-	-	-	1,584	1,584
Payable to the Trustee		-	-	-	53	53
Accrued expenses and other liabilities		-	-	-	821	821
Payable against redemption of units		-	-	-	800	800
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,258</b>	<b>3,258</b>
<b>On-balance sheet gap</b>		<b>9,092</b>	<b>-</b>	<b>-</b>	<b>316,932</b>	<b>326,024</b>
<b>Total interest rate sensitivity gap</b>		<b>9,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>9,092</b>	<b>-</b>	<b>-</b>		

### 22.1.3 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.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified as Financial Asset at 'fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document and NBFC Regulations also limit investment in individual equity securities of not more than 10% of net assets of the Fund or issued capital of the investee company.

In case of 5% increase / (decrease) in price of all shares held by Fund at the year end, net loss for the year would decrease / increase by Rs 9.55 million (2023: Rs 15.15 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

### 22.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk preliminary attributable to bank balances and credit exposure arising as a result of dividend receivable on equity securities.

#### 22.2.1 Management of credit risk

For banks the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2024		June 30, 2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
-----Rupees "000"-----				
Bank balances	4,371	4,371	9,794	9,794
Investment in listed equity securities	190,986	-	302,957	-
Dividend and mark-up receivable	413	413	306	306
Receivable against sale of investments - net	28,509	28,509	13,625	13,625
Deposits	2,600	2,600	2,600	2,600
	<b>226,879</b>	<b>35,893</b>	<b>329,282</b>	<b>26,325</b>

The analysis below summarises the credit quality of the Funds' bank balances as at June 30, 2023 and June 30, 2024.

Name of the bank	Balance as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
------------------	-----------------------------	---	---------------

Rupees in '000

**Bank balances by rating category:**

Habib Bank Limited	3,389	A-1+	VIS
MCB Bank Limited	235	A-1+	PACRA
Soneri Bank Limited	631	A-1+	PACRA
Khushhali Microfinance Bank Limited	18	A-2	VIS
JS Bank Limited	24	A-1+	PACRA
Habib Metropolitan Bank Limited	18	A-1+	PACRA
Mobilink Microfinance Bank Limited	10	A-1	PACRA
National Bank of Pakistan	10	A-1+	PACRA
Zarai Taraqati Bank Limited	11	A-1+	VIS
Allied Bank Limited	4	A-1+	PACRA
HBL Microfinance Bank Limited	21	A-1	VIS
	<b>4,371</b>		

Name of the bank	Balance as at June 30, 2023	Latest available published rating as at June 30, 2023	Rating agency
------------------	-----------------------------	---	---------------

Rupees in '000

**Bank balances by rating category:**

Habib Bank Limited	612	A-1+	VIS
MCB Bank Limited	236	A-1+	PACRA
Soneri Bank Limited	6,403	A-1+	PACRA
Khushhali Microfinance Bank Limited	18	A-2	VIS
JS Bank Limited	24	A-1+	PACRA
Habib Metropolitan Bank Limited	18	A-1+	PACRA
Mobilink Microfinance Limited	10	A-1	PACRA
National Bank of Pakistan	10	A-1+	PACRA
Zarai Taraqati Bank Limited	11	A-1+	VIS
Allied Bank Limited	4	A-1+	PACRA
HBL Microfinance Bank Limited	2,449	A-1	PACRA
	<b>9,794</b>		

The maximum exposure to credit risk as at June 30, 2024 and June 30, 2023 is the carrying amount of the financial assets other than investments in equity securities.

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

	June 30, 2024	June 30, 2023
	(Percentage)	
<b>Rating by rating category</b>		
A-1+	98.88	74.71
A-1	0.71	25.11
A-2	0.41	0.18
	<b>100.00</b>	<b>100.00</b>

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect group 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.

### 22.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, no such instances were witnessed by the Fund during the current year .

The table below analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows

	As at June 30, 2024					
	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
	-----Rupees in '000 -----					
<b>Financial assets</b>						
Bank balances	4,371	-	-	-	-	4,371
Investments						
Listed equity securities	190,986	-	-	-	-	190,986
Dividend and mark-up receivable	413	-	-	-	-	413
Deposits	2,600	-	-	-	-	2,600
Receivable against sale of investments - net	28,509	-	-	-	-	28,509
	226,879	-	-	-	-	226,879
<b>Financial liabilities</b>						
Payable to the Management Company	641	-	-	-	-	641
Payable to the Trustee	36	-	-	-	-	36
Payable against redemption of units	27,317	-	-	-	-	27,317
Dividend payable	3,130	-	-	-	-	3,130
Accrued expenses and other liabilities	1,599	-	-	-	-	1,599
	32,723	-	-	-	-	32,723
<b>On-balance sheet gap</b>	194,156	-	-	-	-	194,156
<b>Total liquidity risk sensitivity gap</b>	194,156	-	-	-	-	194,156
<b>Cumulative liquidity risk sensitivity gap</b>	194,156	-	-	-	-	194,156

As at June 30, 2023					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total

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

Bank balances	9,794	-	-	-	-	9,794
Investments						
Listed equity securities	302,957	-	-	-	-	302,957
Dividend and mark-up receivable	306	-	-	-	-	306
Deposits	2,600	-	-	-	-	2,600
Receivable against sale of investments - net	13,625	-	-	-	-	13,625
	329,282	-	-	-	-	329,282
Financial liabilities						
Payable to the Management Company	1,584	-	-	-	-	1,584
Payable to the Trustee	146	-	-	-	-	146
Accrued expenses and other liabilities	722	-	-	-	-	722
Payable against redemption of units	2,647	-	-	-	-	2,647
	5,099	-	-	-	-	5,099
On-balance sheet gap	324,183	-	-	-	-	324,183
Total liquidity risk sensitivity gap	324,183	-	-	-	-	324,183
Cumulative liquidity risk sensitivity gap	324,183	-	-	-	-	324,183

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

### Top ten brokers during the year ended June 30, 2024

1. Intermarket Securities Limited
2. EFG Hermes Pakistan Limited
3. Arif Habib Limited
4. Optimus Capital Management (Private) Limited
5. JS Global Capital Limited
6. Topline Securities (Private) Limited
7. KTrade Securities Limited (formerly Khadim Ali Shah Bukhari Securities Limited)
8. AL Falah CLSA Securities (Private) Limited
9. Next Capital Limited
10. Chase Securities Pakistan (Private) Limited

### Top ten brokers during the year ended June 30, 2023

1. Intermarket Securities Limited
2. IGI Finex Securities Limited
3. WE Financial Services Limited
4. BIPL Securities Limited
5. AKD Securities Limited
6. Multiline Securities Limited
7. Taurus Securities Limited
8. Arif Habib Limited
9. Topline Securities (Private) Limited
10. Spectrum Securities (Private) Limited

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

Details of members of the Investment Committee of the Fund as on June 30, 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	29
3.	Imad Ansari	Head of Risk	MBA	17
4.	Ahsan Ali	Head of Research	CFA	8
5.	Raza Abbas	Senior Fund Manager	M.Com	21

## 25. PATTERN OF UNIT HOLDING

Pattern of unit holding as at June 30, 2024 is as follows:

Category	As at June 30, 2024			
	Number of unit holders	Number of units held	Investment amount	Percentage
			Rupees in '000	-----%-----
Individuals	499	816,895	99,235	51.63
Insurance Company	1	3,732	453	0.24
Trusts	3	754,236	91,623	47.67
Foreign investors	2	7,342	892	0.46
Total	505	1,582,206	192,204	100

Pattern of unit holding as at June 30, 2023 was as follows:

Category	As at June 30, 2023			
	Number of unitholders	Number of units held	Investment amount	Percentage
			Rupees in '000	-----%-----
Individuals	489	1,935,076	136,159	42
Retirement Funds	1	217,590	15,309	5
Insurance Company	2	841,580	59,217	18
Trusts	3	1,418,943	99,842	31
Foreign investors	3	182,251	12,824	4
Total	498	4,595,440	323,350	100

## 26. 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.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave Granted	
1.	Mr. Shahid Ghaffar	6	6	-	-
2.	Ms. Ava A. Cowasjee	6	6	-	-
3.	Mr. Rayomond H. Kotwal	6	5	1	<b>October 27, 2023</b>
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. 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**

**28.1** 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  
(Management Company)**

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

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

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



**HBL** Government Securities Fund

## FUND INFORMATION

NAME OF FUND	HBL Government Securities Fund
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	Yousuf Adil & Co. Chartered Accountants.
NAME OF BANKERS	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Allied Bank Limited JS Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited MCB Bank Limited Soneri Bank Limited U Microfinance Bank Sindh Bank limited HBL Microfinance Bank Limited National Bank Limited Khushali Microfinance Bank Mobilink Microfinance Bank Faysal Bank Limited Dubai Islamic Bank
FUND RATING	AA- (f)

## Type and Category of Fund

Open end Sovereign Income Fund

## Investment Objective and Accomplishment of Objective

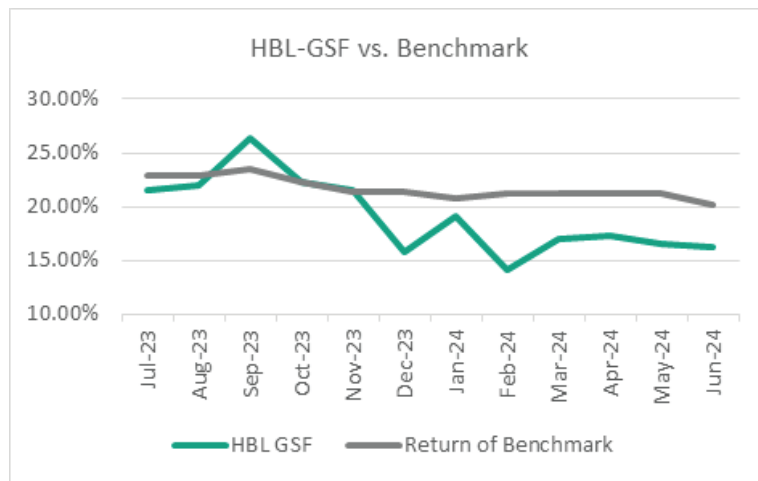
The investment objective of the Fund is to provide consistent returns to its investors through active investments in a blend of short, medium and long term securities issued and / or guaranteed by Government of Pakistan. The Fund will aim to provide superior risk adjusted returns through active duration and liquidity management tools. The investment objective is achieved.

## Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average Six (6) month PKRV Rates.

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

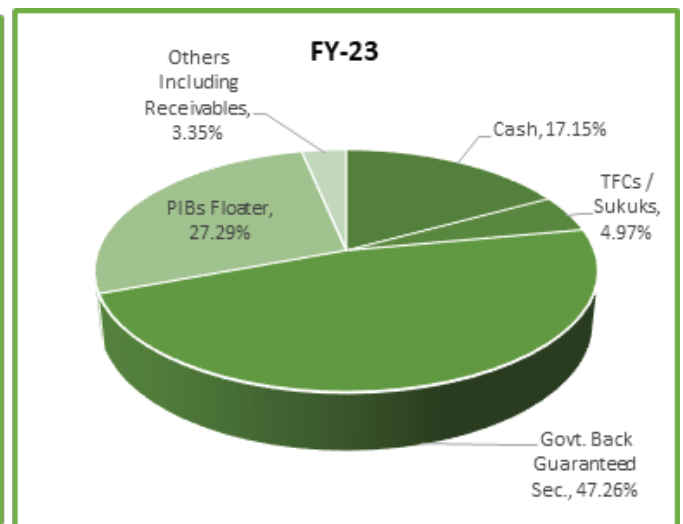
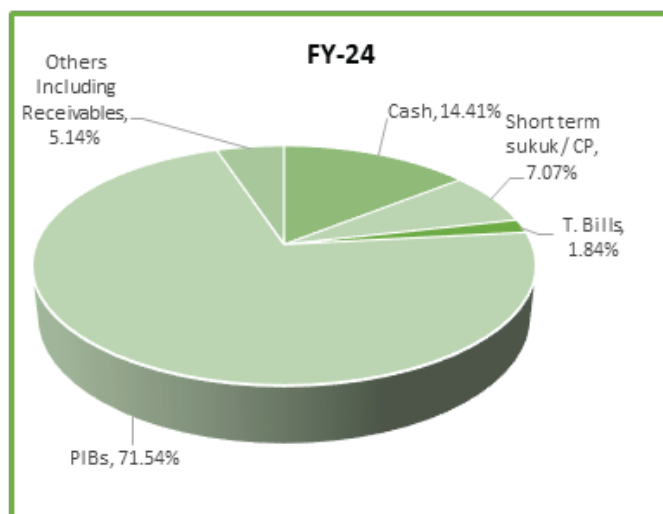
Month	HBL-GSF	Benchmark
Jun-24	16.21%	20.15%
May-24	16.53%	21.17%
Apr-24	17.32%	21.26%
Mar-24	16.97%	21.25%
Feb-24	14.08%	21.27%
Jan-24	19.11%	20.83%
Dec-23	15.72%	21.41%
Nov-23	21.54%	21.32%
Oct-23	22.31%	22.23%
Sep-23	26.30%	23.55%
Aug-23	21.96%	22.90%
Jul-23	21.52%	22.85%



## Strategies and Policies employed during the Year

During the year, the fund enhanced its exposure in PIBs to 71.54% of total assets to earn capital gains, in anticipation of a rate cut. Additional investments were made in T-bills and Commercial Papers which made up 8.91% of total assets. HBL Government Securities Fund posted an annualized return (YTD) of 19.13% against the benchmark return of 21.68% in FY24. As per the policy, HBL GSF maintained more than 70% (monthly average) exposure in government securities and remaining in DPAs with banks.

## Asset Allocation



## Significant Changes in Asset Allocation during the Year

During the year under review, HBL Government Securities Fund maintained minimum exposure of 70% on a monthly basis in T-bills and PIBs as per the regulatory requirement.

## Fund Performance

The total income and net income of the Fund was Rs. 583.28 million and Rs. 530.40 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 113.4443 per unit as on June 30, 2024 as compared to Rs. 112.9464 per unit as on June 30, 2023, after incorporating dividend of Rs. 23.10 per unit, thereby giving an annualized return of 20.92%. During the same year the benchmark (6 Month PKRV Rates) return was 21.69%. The size of Fund was Rs. 2.06 billion as on June 30, 2024 as compared to Rs. 0.78 billion at the start of the year.

## 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.

## Distribution

The Fund has distributed cash dividend up-to Rs. 23.10 per unit for the year ended June 30, 2024.

## Significant Changes in the State of Affairs

There were no significant changes in state of affairs of the Fund.

#### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	288	7,778
101 – 500	102	24,020
501 – 1,000	32	23,693
1,001 – 10,000	121	520,391
10,001 – 100,000	74	2,369,876
100,001 – 500,000	24	4,897,072
500,001 – 1,000,000	2	1,276,775
1,000,001 – 5,000,000	1	3,029,802
5,000,001 and above	1	6,009,177
<b>Total</b>	<b>645</b>	<b>18,158,584</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage house.

# PERFORMANCE TABLE – HBL GOVERNMENT SECURITIES FUND

As at June 30, 2024

	2024	2023	2022	2021	2020	2019
Net assets at the period end(Rs'000)	2,059,988	776,440	630,583	1,071,015	3,508,887	2,116,284
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
<b>Class C Units</b>						
Redemption	113.4443	112.9460	112.4774	112.5377	112.2745	105.8419
Offer - Class C	115.4986	115.4986	112.4774	112.5377	112.2745	105.8419
Offer - Class D	115.4986	115.4986	115.0194	112.5377	114.8119	108.2339
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit - Class C	139.0591	128.6022	121.4710	117.7051	123.1555	115.393
Lowest offer price per unit - Class C	112.9847	112.4855	112.4774	112.1511	105.9108	105.7493
Highest redemption price per unit	136.0793	128.6022	121.4710	117.7051	123.1555	115.3557
Lowest redemption price per unit	112.9847	112.4855	112.4774	112.1511	105.9108	105.7219
<b>RETURN ( % )</b>						
Total return	20.92%	14.88%	7.89%	5.10%	16.02%	9.35%
Income distribution	20.45%	14.40%	7.95%	5.45%	10.60%	9.70%
Capital growth	0.47%	0.48%	-0.06%	-0.35%	5.42%	-0.35%
<b>DISTRIBUTION</b>						
First Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Second Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Third Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Fourth Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution						
Final dividend distribution (Rs)	23.1	16.2	8.95	5.45	10.60	9.70
Date of Income Distribution	14-Jun-24	23-Jun-23	24-Jun-22	18-Jun-21	26-Jun-19	25-Jun-19
Total dividend distribution for the year/ period (Rs)	23.10	16.20	8.95	5.45	10.60	9.70
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	20.92%	14.88%	7.89%	5.10%	16.02%	9.35%
Average annual return 2 year	17.86%	11.33%	6.49%	10.43%	12.64%	7.02%
Average annual return 3 year	14.44%	9.21%	9.57%	10.07%	9.94%	6.52%
<b>PORTFOLIO COMPOSITION - ( % )</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	14.41%	17.15%	43.01%	23.17%	14.53%	63.60%
T-Bills	1.84%	0.00%	0.00%	0.00%	16.12%	31.09%
Placement with Banks and DFIs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PIBs	71.54%	27.29%	49.77%	70.05%	64.70%	0.00%
Gov. Backed/Guaranteed Sec.	0.00%	47.26%	0.00%	0.00%	0.00%	0.00%
Commercial Papers	0.00%	0.00%	0.00%	0.00%	0.00%	3.14%
Corporate Sukuks / TFCs	7.07%	4.97%	4.78%	4.50%	2.27%	1.36%
MTS / Spread Transactions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Others Including receivables	5.14%	3.33%	2.44%	2.28%	2.38%	0.81%
Weighted average portfolio during (No. of days)	843	464	1,953	1,509	1,337	1

## Note:

The Launch date of the Fund is July 25, 2010

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-1111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcPakistan.com](http://www.cdcPakistan.com)  
Email: [info@cdc-pak.com](mailto:info@cdc-pak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL GOVERNMENT SECURITIES FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Government Securities Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2024





## INDEPENDENT AUDITOR'S REPORT

### To the unit holders of HBL Government Securities Fund

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **HBL Government Securities 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 movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investments</b></p> <p>As disclosed in note 6 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs.1,707.59 million as at June 30, 2024, consisting of Pakistan investment bonds, market treasury bills and Government of Pakistan ijara sukuk, which is the main driver of the Fund's performance and risk exists on this balance.</p> <p>Due to the above reasons, we have identified the existence and valuation as key audit matters matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>Independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li> <li>Independently matched securities held by the Fund with the securities appearing in the CDC account statement and Investor Portfolio Securities account statement.</li> </ul>



**Other Mater Paragraph**

The annual financial statement of the Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants, whose audit report dated September 25, 2023, expressed an unmodified opinion respectively.

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management Company and Board of Directors of the Management Company for the Financial Statements**

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

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

Board of directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.





- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

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

  
Chartered Accountants

**Place:** Karachi  
**Date:** September 27, 2024  
**UDIN:** AR2024100571EUDncMI

# HBL Government Securities Fund

## Statement of Assets and Liabilities

As at June 30, 2024

		June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>ASSETS</b>	<b>Note</b>		
Bank balances	4	305,886	138,067
Investments	5	1,707,589	639,911
Profit / mark-up receivable	6	106,827	26,006
Advances, deposits and prepayments	7	2,278	970
<b>Total assets</b>		<b>2,122,580</b>	<b>804,954</b>
<b>LIABILITIES</b>			
Payable to the Management Company	8	4,872	1,245
Payable to the Trustee	9	118	38
Payable to Securities and Exchange Commission of Pakistan	10	142	107
Accrued expenses and other liabilities	11	57,460	27,121
<b>Total liabilities</b>		<b>62,592</b>	<b>28,511</b>
<b>NET ASSETS</b>		<b>2,059,988</b>	<b>776,443</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,059,988</b>	<b>776,443</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>	13	<b>18,158,584</b>	<b>6,874,434</b>
		-----Rupees-----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>113.4443</b>	<b>112.9464</b>

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL Government Securities Fund

## Income Statement

For the year ended June 30, 2024

		June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>Income</b>	<b>Note</b>		
Capital gain / (loss) on sale of investments - net		14,678	(9,568)
Income from government securities		366,190	52,728
Income from term finance certificates		51,130	22,033
Profit on bank deposits		144,940	22,359
Unrealised gain on re-measurement of investments at fair value through profit or loss - net	5.3	5,842	361
Other income		504	-
		<b>583,284</b>	<b>87,913</b>
<b>Expenses</b>			
Remuneration of the Management Company	8.1	30,886	6,678
Sindh Sales Tax on remuneration of the Management Company	8.2	4,015	868
Allocated expenses	8.3	6,419	1,311
Selling and marketing expense	8.4	5,150	2,049
Remuneration of the Trustee	9.1	1,561	296
Sindh Sales Tax on remuneration of the Trustee	9.2	203	38
Securities and Exchange Commission of Pakistan fee	10.1	2,123	107
Printing charges		89	105
Auditors' remuneration	14	698	512
Legal and professional charges		150	-
Fee and subscription		331	314
Securities transaction costs and settlement charges		716	470
Bank charges		542	249
<b>Total Expenses</b>		<b>52,883</b>	<b>12,997</b>
<b>Net income for the year from operating activities before taxation</b>		<b>530,401</b>	<b>74,916</b>
Taxation	15	-	-
<b>Net income for the year after taxation</b>		<b>530,401</b>	<b>74,916</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		530,401	74,916
Income already paid on redemption of units		(360,946)	(19,155)
		<b>169,455</b>	<b>55,761</b>
<b>Accounting income available for distribution:</b>			
Relating to capital gain		1,067	-
Excluding capital gain		168,388	55,761
		<b>169,455</b>	<b>55,761</b>
<b>Earnings per unit</b>	3.10		

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

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

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

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

\_\_\_\_\_  
Director

June 30, 2024	June 30, 2023
----- Rupees in '000 -----	
Net income for the year after taxation	530,401
Other comprehensive income	74,916
	-
<b>Total comprehensive income for the year</b>	<b>530,401</b>
	<b>74,916</b>

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

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

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

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

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

# HBL Government Securities Fund

## Statement of Movement In Unit Holders' Fund

For the year ended June 30, 2024

	June 30, 2024			June 30, 2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	-----Rupees in '000-----					
Net assets at beginning of the year	579,224	197,219	776,443	436,529	194,054	630,583
<b>Issuance of 81,576,128 units (2023: 13,534,613 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	9,213,730	-	9,213,730	1,522,342	-	1,522,342
Element of income	720,548	-	720,548	121,991	-	121,991
<b>Total proceeds on issuance of units</b>	<b>9,934,278</b>	<b>-</b>	<b>9,934,278</b>	<b>1,644,333</b>	<b>-</b>	<b>1,644,333</b>
<b>Redemption of 70,291,978 units (2023: 12,266,485 units)</b>						
Capital value (at net asset value per unit at the beginning of the year)	(7,939,226)	-	(7,939,226)	(1,379,702)	-	(1,379,702)
Income already paid on redemption of units	-	(360,946)	(360,946)	-	(19,156)	(19,156)
Element of loss	(490,278)	-	(490,278)	(77,820)	-	(77,820)
<b>Total payments on redemption of units</b>	<b>(8,429,504)</b>	<b>(360,946)</b>	<b>(8,790,450)</b>	<b>(1,457,522)</b>	<b>(19,156)</b>	<b>(1,476,678)</b>
Total comprehensive income for the year	-	530,401	530,401	-	74,916	74,916
<b>Interim distribution</b>						
Rs. 23.10 per unit declared on June 14, 2024 as cash dividend						
Distribution during the year	-	(165,191)	(165,191)	-	-	-
Refund of capital	(225,493)	-	(225,493)	-	-	-
Rs. 16.2 per unit declared on June 23, 2023 as cash dividend						
Distribution during the year	-	-	-	-	(52,595)	(52,595)
Refund of capital	-	-	-	(44,116)	-	(44,116)
	(225,493)	365,210	139,717	(44,116)	22,321	(21,795)
<b>Net assets at end of the year</b>	<b>1,858,505</b>	<b>201,483</b>	<b>2,059,988</b>	<b>579,224</b>	<b>197,219</b>	<b>776,443</b>
<b>Undistributed income brought forward</b>						
Realised		196,859			196,238	
Unrealised		361			(2,184)	
		197,220			194,054	
<b>Accounting income available for distribution</b>						
Relating to capital gain		1,067			-	
Excluding capital gain		168,388			55,761	
		169,455			55,761	
Distributions during the year		(165,191)			(52,595)	
Undistributed income carried forward		201,484			197,220	
<b>Undistributed income carried forward</b>						
Realised		195,642			196,859	
Unrealised		5,842			361	
		201,484			197,220	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		112.9464			112.4774	
Net assets value per unit at end of the year		113.4443			112.9464	

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Government Securities Fund**  
**Statement of Cash Flows**  
For the year ended June 30, 2024

	Note	June 30, 2024	June 30, 2023
		-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		530,401	74,916
Adjustments for:			
Capital gain / (loss) on sale of investments - net		(14,678)	9,568
Income from Government securities		(366,190)	(52,728)
Income from term finance certificates		(51,130)	(22,033)
Profit on bank deposits		(144,940)	(22,359)
Unrealised gain on re-measurement of investments at fair value through profit or loss - net		(5,842)	(361)
		(52,379)	(12,997)
<b>(Increase) / Decrease in assets</b>			
Investments - net		(1,047,158)	(467,835)
Advances, deposits and prepayments		(1,308)	799
		(1,048,466)	(467,036)
<b>Increase / (Decrease) in liabilities</b>			
Payable to the Management Company		3,627	(469)
Payable to the Trustee		80	27
Payable to Securities and Exchange Commission of Pakistan		35	(74)
Accrued expenses and other liabilities		30,339	1,679
		34,081	1,163
<b>Net cash used in operations</b>		(1,066,764)	(478,870)
Income received from government securities		298,183	50,034
Income received from term finance certificates		40,425	21,221
Profit received on bank deposits		142,831	23,704
		481,439	94,959
<b>Net cash used in operating activities</b>		(585,325)	(383,911)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from issue of units		9,708,785	1,644,335
Payment against redemption of units		(8,790,450)	(1,476,678)
Dividend paid		(165,191)	(96,710)
<b>Net cash generated from financing activities</b>		753,144	70,947
Net increase / (decrease) in cash and cash equivalents		167,819	(312,964)
Cash and cash equivalents at the beginning of the year		138,067	451,031
Cash and cash equivalents at end of the year	4	305,886	138,067

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

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

Chief Financial Officer

Chief Executive Officer

Director



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

- 1.1** HBL Government Securities Fund ("the Fund") was established under a Trust Deed executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. NBFC-II/DD/PICICIF/199 dated March 10, 2010 and the Trust Deed was executed on March 17, 2010.
- 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 August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the HBL Asset Management Limited is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.4** The Fund is an open-ended sovereign income scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.5** The Fund has been categorised as a sovereign income scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).
- 1.6** The investment objective of the Fund is to provide consistent returns to its investors through active investments in a blend of short, medium and long term securities issued and / or guaranteed by Government of Pakistan and other corporate debt instruments. The Fund will aim to provide superior risk adjusted returns through active duration and liquidity management tools.
- 1.7** VIS Credit Rating company has assigned a management quality rating of 'AM1' (Positive outlook) to the HBL Asset Management Company Limited at December 29, 2023 and assigned stability rating of AA- to the Fund dated February 01, 2024.
- 1.8** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Companies Act, 2017, along with Part VIIIA of the repealed Companies Ordinance, 1984; and

- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

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

## **2.2 New amendments that are effective for the year ended June 30, 2024**

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

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

## **2.3 Standard and amendments to IFRS that are not yet effective**

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

	Effective from accounting period beginning on or after
Amendments to IFRS 16 'Leases' - Clarification on how 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 along with Non-current liabilities with Covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – 'Insurance Contracts' (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosures in Financial Statements.
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

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

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

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

- Classification and measurement of financial assets (notes 3.2.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Provision (note 3.4)
- Taxation (notes 4.4 and 15)
- Classification and measurements of financial liabilities (note 3.1.2.1)
- Contingencies and Commitments (note 12)

## **2.5 Basis of measurement**

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

## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees which is the Fund's functional and presentation currency.

## **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION**

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

### **3.1 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

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

### **3.1.1 Financial assets**

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

#### **3.1.1.1 Classification and measurement of financial assets**

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

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

##### **Financial assets at amortised cost (debt instruments)**

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

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

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

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

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

#### **3.1.1.2 Fair value measurement principles**

The fair value of financial instruments is determined as follows:

**Basis of valuation of government debt securities:**

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

**Basis of valuation of debt securities:**

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

"The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned Circulars after taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk. "

**3.1.1.3 Impairment of financial assets**

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

**3.1.1.4 Derecognition**

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

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

### **3.1.2 Financial liabilities**

#### **3.1.2.1 Classification and measurement of financial liabilities**

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

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

#### **3.1.2.2 Derecognition**

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

### **3.1.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **3.2 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

### **3.3 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 the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### **3.4 Taxation**

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.5 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of 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.

### **3.6 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.

### **3.7 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.

### **3.8 Revenue recognition**

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on re-measurement of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Income / profit from investments in term finance certificates / sukuks, and government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

### **3.9 Expenses**

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

### **3.10 Earnings per unit**

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

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>4. BANK BALANCES</b>			
In savings accounts	4.1	<b>305,886</b>	138,067
<b>4.1</b>	These bank accounts carries mark-up at rates ranging between 19.40% to 21.20% per annum (2023: 19% to 22.65%). This includes an amount held with related parties, Habib Bank Limited amounting to Rs. 264.96 million (2023: Rs. 28.31 million) on which return is earned at rate of 21.15% per annum (2023: 19.51%) and HBL Microfinance Bank Limited (formerly The First Microfinance Bank Limited) amounting to Rs. 4.83 million (2023: Rs. 107.71 million) on which return is earned at rate of 20.50% per annum (2023: 22.25%).		
<b>5. INVESTMENTS</b>			
<b>Investments at fair value through profit or loss</b>			
Government securities	5.1	<b>1,557,589</b>	599,908
Term Finance Certificates - Unlisted Securities	5.2	<b>150,000</b>	40,003
		<b>1,707,589</b>	639,911
<b>5.1 Financial assets at fair value through profit or loss</b>			
<b>Government securities:</b>			
Market Treasury Bills	5.1.1	<b>39,154</b>	-
Pakistan Investment Bonds	5.1.2	<b>1,518,435</b>	-
Pakistan Investment Bonds - Floating Rate Bond	5.1.2	-	219,655
GOP Ijarah Sukuk Certificates	5.1.4	-	380,253
		<b>1,557,589</b>	599,908



### 5.1.1 Market Treasury Bills

Tenure	Issue date	Face value				At June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain / (loss)		
Rupees in '000									%	
Market Treasury Bills - 3 months	June 15, 2023	-	250,000	250,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	July 13, 2023	-	1,500,000	1,500,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	August 10, 2023	-	3,800,000	3,800,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	August 24, 2023	-	1,250,000	1,250,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	September 21, 2023	-	1,100,000	1,100,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	October 19, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	November 16, 2023	-	700,000	700,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	December 28, 2023	-	290,000	290,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	March 07, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills - 3 months	June 13, 2024	-	200,000	200,000	-	-	-	-	-	-
Market Treasury Bills - 6 months	March 27, 2023	-	260,000	260,000	-	-	-	-	-	-
Market Treasury Bills - 6 months	October 19, 2023	-	750,000	750,000	-	-	-	-	-	-
Market Treasury Bills - 6 months	November 16, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills - 6 months	April 18, 2024	-	250,000	250,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	October 06, 2022	-	35,000	35,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	November 03, 2022	-	400,000	400,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	June 15, 2023	-	1,800,000	1,800,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	July 13, 2023	-	4,000,000	4,000,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	October 05, 2023	-	40,000	-	40,000	37,975	38,040	65	1.85	2.23
Market Treasury Bills - 12 months	October 19, 2023	-	501,180	500,000	1,180	1,115	1,114	(1)	0.05	0.07
Market Treasury Bills - 12 months	November 02, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	November 16, 2023	-	1,846,000	1,846,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	November 30, 2023	-	650,000	650,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	January 11, 2024	-	200,000	200,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	May 02, 2024	-	100,000	100,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	May 16, 2024	-	300,000	300,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	May 30, 2024	-	250,000	250,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	June 13, 2024	-	70,000	70,000	-	-	-	-	-	-
As at June 30, 2024						39,090	39,154	64		
As at June 30, 2023						-	-	-		

\* These carry effective yield of ranging between 20% to 20.13% (2023: Nil) per annum.

### 5.1.2 Pakistan Investment Bonds

Tenure	Issue date	Face value				At June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchases during the year	Sales during the year	As at June 30, 2024	Carrying value	Market value	Unrealised (loss) / gain		
Rupees in '000									%	
Pakistan Investment Bonds - 3 years	July 04, 2023	-	1,580,000	1,580,000	-	-	-	-	-	-
Pakistan Investment Bonds - 3 years*	February 15, 2024	-	1,206,000	1,206,000	-	1,132,457	1,139,369	6,912	55.31	66.72
Pakistan Investment Bonds - 5 years	October 13, 2022	-	1,375,000	1,375,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years*	January 17, 2024	-	400,000	-	400,000	380,200	379,066	(1,134)	18.40	22.20
As at June 30, 2024						1,512,657	1,518,435	5,778		
As at June 30, 2023						-	-	-		

\*These carry effective yield of ranging between 16.64% to 20.31% (2023: Nil) per annum.

### 5.1.3 Pakistan Investment Bonds - Floating Rate Bond

Tenure	Issue date	Face value				At June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchases during the year	Sales during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain		
Rupees in '000										
Pakistan Investment Bonds - 2 years*	April 06, 2023	223,000	550,000	773,000	-	-	-	-	-	-
Pakistan Investment Bonds - 3 years	April 07, 2022	-	400,000	400,000	-	-	-	-	-	-
Pakistan Investment Bonds - 3 years	October 19, 2023	-	900,000	900,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	October 19, 2023	-	1,335,000	1,335,000	-	-	-	-	-	-
As at June 30, 2024						-	-	-		
As at June 30, 2023						219,642	219,655	13		

\*These carry effective yield of Nil (2023: 21.95%) per annum.

#### 5.1.4 GOP Ijarah Sukuk Certificates - unlisted

Tenure	Issue date	Face value				At June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchases during the year	Sales during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain		
Rupees in '000									%	
GOP Ijara - 1 year (Variable)	April 17, 2023	-	1,610,000	1,610,000	-	-	-	-	-	-
GOP Ijara - 1 year (Variable)	May 22, 2023	380,000	245,000	625,000	-	-	-	-	-	-
GOP Ijara - 1 year (Variable)	July 12, 2023	-	75,000	75,000	-	-	-	-	-	-
GOP Ijara - 5 year (Variable)	May 22, 2023	-	25,000	25,000	-	-	-	-	-	-
GOP Ijara - 5 year (Fixed)	December 04, 2023	-	175,000	175,000	-				-	-
As at June 30, 2024										
As at June 30, 2023						379,908	380,253	345		

\*These carry effective yield of ranging between Nil (2023: 22.67%) per annum.

#### 5.2 Term Finance Certificates

Name of the investee company	As at July 01, 2023	Purchases during the year	Sales during the year	As at June 30, 2024	At June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
					Carrying value	Market value	Unrealised gain		
-----Units-----					----- (Rupees in '000) -----			----- % -----	
Term Finance Certificates - unlisted									
OBS Pharma (Private) Limited	-	150	-	150	150,000	150,000	-	7.28	8.78
K Electric Limited	400,000	-	400,000	-	-	-	-	-	-
As at June 30, 2024					150,000	150,000	-		
As at June 30, 2023					40,000	40,003	3		

5.2.1 These Term Finance Certificates carries mark-up at the rate of 23.14% per annum (2023: 20.68% per annum).

5.2.2 Significant terms and conditions of Term Finance Certificates as at June 30, 2024 are as follows:

Name of the investee company	Remaining principal (per certificate)	Mark-up rate (per annum)	Issue date	Issue date
<b>Term Finance Certificates - unlisted</b>				
OBS Pharma (Private) Limited	1,000	6 months KIBOR + 1.40%	February 29, 2024	August 29, 2024

#### 5.3 Net unrealised gain on re-measurement of investments at 'fair value through profit or loss'

	Note	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
Market value of investments	5.1.1, 5.1.2, 5.1.3, 5.1.4 & 5.2	1,707,589	639,911
Carrying value of investments	5.1.1, 5.1.2, 5.1.2, 5.1.4 & 5.2	(1,701,747)	(639,550)
		<b>5,842</b>	<b>361</b>

#### 6. PROFIT / MARK-UP RECEIVABLE

Profit / mark-up receivable on:			
Bank deposits	6.1	6,177	4,068
Pakistan Investment Bonds		88,953	11,507
GOP Ijarah sukuk		-	9,439
Term Finance Certificates		11,697	992
		<b>106,827</b>	<b>26,006</b>

- 6.1** These includes Rs. 0.780 million (2023: Rs. 0.6 million) receivable from Habib Bank Limited and Rs. 3.098 million (2023: Rs. 2.991 million receivable from HBL Microfinance Bank Limited (formerly The First Microfinance Bank Limited), both are related parties.

<b>7.</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>	<b>Note</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>
			<b>----- Rupees in '000 -----</b>	
	Security deposits with:			
	Central Depository Company of Pakistan Limited		<b>100</b>	100
	National Clearing Company of Pakistan limited		<b>1,066</b>	250
	Prepaid expenses	7.1	<b>210</b>	229
	Advance tax	7.2	<b>902</b>	391
			<b>2,278</b>	970

- 7.1** This includes prepaid expenses recognised in respect of rating fee.

- 7.2** The income of the Fund is exempt from tax under Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 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 will be refunded and return application has been filed till Tax Year 2021.

<b>8.</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>	<b>Note</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>
			<b>----- Rupees in '000 -----</b>	
	Remuneration payable to the Management Company	8.1	<b>2,840</b>	452
	Sindh Sales Tax on Management Company's remuneration	8.2	<b>369</b>	59
	Sales load payable		<b>228</b>	329
	Allocated expenses	8.3	-	93
	Selling and marketing expense payable	8.4	<b>1,435</b>	312
			<b>4,872</b>	1,245

- 8.1** 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 is being charged at the rate ranging between 0.73% to 1.5% of the average annual net assets. The fee is payable monthly in arrears.

- 8.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

- 8.3** As per Regulation 60(3) of NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate ranging between 0.15% to 0.27% of the average annual net assets.

- 8.4** As per Regulation 60(3) of NBFC Regulations, selling and marketing expense may be charged for all categories of funds except fund of funds. During the year, the fee is being charged at the rate ranging between 0.15% to 0.45% of the average annual net assets.

	Note	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>9. PAYABLE TO THE TRUSTEE</b>			
Trustee fee payable	9.1	104	34
Sindh Sales Tax on remuneration of the Trustee	9.2	14	4
		<u>118</u>	<u>38</u>

- 9.1** Trustee entitled to a remuneration at the rate of 0.055% per annum of the net assets to be paid monthly in arrears

- 9.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

	Note	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
SECP fee payable	10.1	142	107

- 10.1** "In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) was required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average net assets of CIS calculated on daily basis.

Effective from July 01, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.075% and introduced a shift in payment frequency, from annual to monthly basis."

	Note	June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty	11.1	15,531	15,531
Withholding tax payable		40,369	10,668
Auditors' remuneration		437	268
Brokerage payable		81	69
Zakat payable		452	452
Others		590	133
		<u>57,460</u>	<u>27,121</u>

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

On September 04, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, being prudent, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 15.531 million (2023: Rs. 15.531 million). 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 Re. 0.8553 per unit (2023: Rs. 2.2592 per unit).

## 12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 and June 30, 2023.

## 13. NUMBER OF UNITS IN ISSUE

	June 30, 2024	June 30, 2023
	----Number of Units----	
Total units in issue at the beginning of the year	6,874,434	5,606,306
Add: Units issued	81,576,128	13,534,613
Less: Units redeemed	(70,291,978)	(12,266,485)
Total units in issue at the end of the year	18,158,584	6,874,434

## 14. AUDITORS' REMUNERATION

Annual audit fee	368	270
Half yearly review fee	158	150
Other certifications and services	50	32
Out of pocket expenses	70	22
	646	474
Sales Tax	52	38
	698	512

**15. TAXATION**

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

**16. TOTAL EXPENSE RATIO**

The total annualised expense ratio (TER) of the Fund based on the current year results is 1.87% (2023: 2.42%) which includes 0.23% (2023: 0.19%) representing Government Levies and the SECP Fee. The prescribed limit for the ratio excluding Government levies is 2.5% (2023: 2.5%) under the NBFC Regulations for a Collective Investment Scheme categorised as an 'Sovereign Income fund scheme'.

**17. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES**

Related parties / connected persons of the Fund include HBL Asset Management Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes (CISs) and pension schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

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

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

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

**17.1 Details of transactions with related parties / connected persons during the year:**

	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of Management Company	30,886	6,678
Sindh Sales Tax on remuneration of the Management Company	4,015	868
Sales load	2,815	2,815
Allocated expenses	6,419	1,311
Selling and marketing expense	5,150	2,049
Issue of Nill units (2023: 2,263,611 units)	-	285,000
Dividend Reinvestment 448,577 units (2023: 47,536 units)	50,682	5,347

	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	1,561	296
Sindh Sales Tax on remuneration of the Trustee	203	38
CDC service charges	15	33
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	542	242
Profit / mark-up on deposits accounts	8,892	2,095
Buy of Treasury Bill having face value of Rs. 2,720,000,000 (2023: Nil)	2,639,737	-
Sale of Treasury Bill having face value of Rs. 2,855,000,000 (2023: Nil)	2,794,041	-
<b>DCCL HBL Financial Planning Fund - Active Allocation Plan</b>		
<b>Fund under common Management</b>		
Issue of Nil units (2023: 540,736 units)	-	68,400
Redemption of 618,612 units (2023: Nil units)	75,778	-
Dividend Reinvestment Nil units (2023: 10,528 units)	-	1,184
<b>HBL Microfinance Bank Limited (Formerly: First Microfinance Bank Limited)</b>		
Profit / mark-up on deposits accounts	92,303	7,875
	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
<b>Director and Executives of the Management Company</b>		
Issue of 368,0884 units (2023: 214 units)	48,258	510
Redemption of 377,553 units (2023: 3,996) units	48,093	511
Dividend Paid	1,534	5
<b>Amjad Maqsood Connected Party More Than 10%</b>		
Dividend Reinvestment 64 units (2023: Nil units)	7,186	-
<b>Qadeer Baig Connected Party More Than 10%</b>		
Dividend Reinvestment 4,487 units (2023: 2,816 units)	507	317
<b>Saleem Majidulla Connected Party More Than 10%</b>		
Redemption of 34,139 units (2023: Nil)	4,624	-
Dividend Reinvestment Nil (2023: 3,126 units)	-	352
<b>Taavun (Pvt) Limited Connected Party More Than 10%</b>		
Redemption of Nil (2023: 440,875 units)	-	53,403
<b>CDC Trustee HBL Financial Sector Income -</b>		
<b>Fund Plan - I - Connected Party</b>		
Sale of Bank of Punjab TFC	-	-
Sale of Pakistan investment bond having face value of Rs. 125,000,000 (2023:Nil)	128,873	-

		June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>CDC Trustee HBL Cash Fund - Connected Party</b>			
Sale of T-bill having face value of Rs. 1,500,000,000 (2023: Nil)		1,405,901	-
Purchase of T-bill having face value of Rs. 250,000,000 (2023: Nil)		246,077	-
<b>CDC Trustee HBL Pension Fund - Debt Sub Fund - Connected Party</b>			
Buy of Pakistan investment bond having face value of Rs. 160,000,000 (2023: Nil)		157,877	-
Buy of T-bill having face value of Rs. 150,000,000 (2023: Nil)		123,830	-
<b>CDC Trustee HBL Money Market Fund - Connected Party</b>			
Sale of T-bill having face value of Rs. 1000,000 (2023: Nil)		935,550	-
<b>CDC Trustee HBL Islamic Income Fund - Connected Party</b>			
Sale of GOP Ijara having face vlaue of Rs. 800,000,000 (2023: Nil)		802,455	-
Buy of GOP Ijara having face value of Rs. 50,000,000 (2023: Nil)		50,120	-
<b>CDC Trustee HBL Total Treasury Exchange Traded Fund - Connected Party</b>			
Sale of T-bill having face value of Rs. 1,180,000 (2023: Nil)		1,015	-
		June 30, 2024	June 30, 2023
		----- Rupees in '000 -----	
<b>17.2 Balance outstanding as at the year end</b>			
<b>HBL Asset Management Limited - Management Company</b>		2,840	452
Remuneration payable to the Management Company		369	59
Sindh Sales Tax payable on Management Company's remuneration		228	329
Sales load payable		-	93
Allocated expenses		1,435	312
Selling and marketing expense payable		343,714	291,539
Units held 3,029,802 units (2023: 2,581,225 units)			
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee fee payable		104	34
Sindh Sales Tax payable on Trustee Remuneration		14	4
CDC charges payable		13	12
Security deposit held		100	100
<b>Habib Bank Limited - Sponsor</b>			
Bank balances		264,962	28,311
Profit / mark-up receivable		780	58
<b>HBL Microfinance Bank Limited (Formerly: First Microfinance Bank Limited)</b>			
Bank balances		4,831	107,714
Profit / mark-up receivable		3,098	2,991
<b>Director and Executives of the Management Company</b>			
Units held: 18,207 units (2023: Nil)		2,065	-



	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
<b>Amjad Maqsood Connected Party More Than 10%</b>		
Units held: 430 (2023: Nil units)	49	-
<b>Qadeer Baig Connected Party More Than 10%</b>		
Units held: 30,305 (2023: 25,818)	3,438	2,916
<b>Saleem Majidulla Connected Party More Than 10%</b>		
Units held: Nil (2023: 34,139)	-	3,856
<b>DCCL HBL Financial Planning Fund - Active Allocation Plan</b>		
<b>Fund under common Management</b>		
Units held: Nil (2023: 618,612)	-	69,747

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

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

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

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

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

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

Particular	As at June 30, 2024						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>							
Government securities	1,557,589	-	1,557,589	-	1,557,589	-	1,557,589
Term Finance Certificates	150,000	-	150,000	150,000	-	-	150,000
	<b>1,707,589</b>	<b>-</b>	<b>1,707,589</b>	<b>150,000</b>	<b>1,557,589</b>	<b>-</b>	<b>1,707,589</b>
<b>Financial assets not measured at fair value</b>							
Bank balances	-	305,886	305,886				
Profit / mark-up receivable	-	106,827	106,827				
Deposits	-	1,166	1,166				
	<b>-</b>	<b>413,879</b>	<b>413,879</b>				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	4,503	4,503				
Payable to the Trustee	-	104	104				
Accrued expenses and other liabilities	-	1,076	1,076				
	<b>-</b>	<b>5,683</b>	<b>5,683</b>				

Particular	As at June 30, 2023						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>							
Government securities	599,908	-	599,908	599,908	-	-	599,908
Term Finance Certificates	40,003	-	40,003	40,003	-	-	40,003
	<b>639,911</b>	<b>-</b>	<b>639,911</b>	<b>639,911</b>	<b>-</b>	<b>-</b>	<b>639,911</b>
<b>Financial assets not measured at fair value</b>							
Bank balances	-	138,067	138,067				
Profit / mark-up receivable	-	26,006	26,006				
Deposits	-	350	350				
	<b>-</b>	<b>164,423</b>	<b>164,423</b>				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	1,186	1,186				
Payable to the Trustee	-	34	34				
Accrued expenses and other liabilities	-	450	450				
	<b>-</b>	<b>1,670</b>	<b>1,670</b>				

## 19. 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 Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and other price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the investment committee which provide broad guidelines for management of above mentioned risks. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

### 19.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors of the Management Company and the regulations laid down by the SECP, the NBFC Regulations and the NBFC Rules.

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

#### 19.1.1 Currency risk

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

#### 19.1.2 Interest rate risk

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on bank balances, investments in term finance certificates and government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2024 details of Fund's interest bearing financial instruments were as follows:

	Note	2024 -----Rupees in 000-----	2023
<b>Variable rate instrument (financial asset)</b>			
Bank balances	4	305,886	138,067
Pakistan investment bond - Floating rate bond	5.1	-	219,655
Term finance certificates - unlisted securities	5.1	150,000	40,003
GOP - Ijara Sukuk (Variable)	5.1.4	-	380,253
		<b>455,886</b>	<b>777,978</b>
<b>Fixed rate instruments (financial assets)</b>			
Market treasury bills	5.1	39,154	-
Pakistan investment bonds	5.1	1,518,435	-
		<b>1,557,589</b>	<b>-</b>

##### a) Sensitivity analysis for variable rate instruments

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 19.40% to 21.20% per annum (2023: 19% to 22.65% per annum), and investments in term finance certificates, the interest rate on which range between 23.14% per annum (2023: 16.40% to 22.67%)

In case of 100 basis points increase / decrease in interest rates on June 30, 2024, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 4.560 million (2023: Rs. 7.780 million).

##### b) Sensitivity analysis for fixed rate instruments

The Fund's investment in Market treasury bills and Pakistan investment bonds exposes it to fair value interest rate risk.

In case of 100 basis points increase / decrease in interest rates on June 30, 2024, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 15.58 million (2023: Nil).

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.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

Particulars	As at June 30, 2024					
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Bank balances	19.40 - 21.20	305,886	-	-	-	305,886
Investments						
Government Securities	16.64 - 20.31	-	39,154	1,518,435	-	1,557,589
Term Finance Securities	23.14	-	150,000	-	-	150,000
Profit / mark-up receivable		-	-	-	106,827	106,827
Deposits		-	-	-	1,166	1,166
Sub total		305,886	189,154	1,518,435	107,993	2,121,468
Financial liabilities						
Payable to the Management Company		-	-	-	4,503	4,503
Payable to the Trustee		-	-	-	104	104
Accrued expenses and other liabilities		-	-	-	1,076	1,076
Sub total		-	-	-	5,683	5,683
On-balance sheet gap		305,886	189,154	1,518,435	102,310	2,115,785
Total interest rate sensitivity gap		305,886	189,154	1,518,435		
Cumulative interest rate sensitivity gap		305,886	189,154	1,518,435		

Particulars	----- As at June 30, 2023 -----					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	----- Rupees in '000 -----				
On-balance sheet financial instruments						
Financial assets						
Bank balances	19 - 22.65	138,067	-	-	-	138,067
Investments						
Government Securities	21.99 - 22.67	-	-	599,908	-	599,908
Term Finance Securities	20.68	-	-	40,003	-	40,003
Profit / mark-up receivable		-	-		26,006	26,006
Deposits		-	-	-	350	350
Sub total		138,067	-	639,911	26,356	804,334
Financial liabilities						
Payable to the Management Company		-	-	-	1,186	1,186
Payable to the Trustee		-	-	-	34	34
Accrued expenses and other liabilities		-	-	-	450	450
Sub total		-	-	-	1,670	1,670
On-balance sheet gap		138,067	-	639,911	24,686	802,664
Total interest rate sensitivity gap		138,067	-	639,911		
Cumulative interest rate sensitivity gap		138,067	-	639,911		

### 19.1.3 Price risk

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

### 19.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counterparty credit risks on investments in term finance certificates, bank balances and other financial assets at amortised cost. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from bank balances and investment in term finance certificate (note 5.2) is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2024		June 30, 2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- (Rupees in '000) -----			
Bank Balances	305,886	305,886	138,067	138,067
Investments in government securities	1,557,589	-	599,908	-
Investments in term finance certificates	150,000	150,000	40,003	40,003
Profit receivable	106,827	17,874	26,006	5,060
Deposits	1,166	1,166	350	350
	<b>2,121,468</b>	<b>474,926</b>	<b>804,334</b>	<b>183,480</b>

**19.2.1** The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2024 and June 30, 2023:

Name of Banks	Balances held as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
---------------	-----------------------------------	---	---------------

Rupees in '000

**Bank balances by rating category**

Allied Bank Limited	14	A-1+	PACRA
Bank Al Falah Limited	19	A-1+	PACRA
Habib Metro Bank Limited	14	A-1+	PACRA
JS Bank Limited	313	A-1+	PACRA
Zarai Taraqiyati Bank Limited	-	A-1+	VIS
Samba Bank Limited	17	A-1	PACRA
Sindh Bank Limited	5	A-1+	VIS
Soneri Bank Limited	35,380	A-1+	PACRA
MCB Bank Limited	115	A-1+	PACRA
Habib Bank Limited	264,961	A-1+	VIS
Faysal Bank Limited	145	A-1+	VIS
Dubai Islamic Bank Pakistan Limited	9	A-1+	VIS
National Bank of Pakistan	13	A-1+	PACRA
HBL Microfinance Bank Limited	4,831	A-1	VIS
Khushhali Microfinance Bank Limited	26	A-2	VIS
U Microfinance Bank Limited	13	A-1	VIS
Mobilink Microfinance Bank Limited	11	A-1	VIS
	<b>305,886</b>		

**Investments by rating category**

Term finance certificates - unlisted

OBS Pharma (Private) Limited	150,000	AA	PACRA
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**Total** **455,886**

Name of Banks	Balances held by the Fund as at June 30, 2023	Latest available published rating as at June 30, 2023	Rating agency
---------------	--	--	---------------

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

**Bank balances by rating category**

Allied Bank Limited	11	A-1+	PACRA
Bank Al Falah Limited	106	A-1+	PACRA
Habib Metro Bank Limited	12	A-1+	VIS
JS Bank Limited	311	A-1+	PACRA
Samba Bank Limited	14	A-1	VIS
Soneri Bank Limited	839	A-1+	PACRA
MCB Bank Limited	86	A-1+	VIS
Habib Bank Limited	28,310	A-1+	VIS
Faysal Bank Limited	121	A-1+	VIS
Dubai Islamic Bank Pakistan Limited	9	A-1+	VIS
National Bank of Pakistan	10	A-1+	VIS
HBL Microfinance Bank Limited	107,705	A-1	VIS
Khushhali Microfinance Bank Limited	9	A-2	VIS
U Microfinance Bank Limited	514	A-1	VIS
Mobilink Microfinance Bank Limited	10	A-1	PACRA
	<u>138,067</u>		

**Investments by rating category**

Term finance certificates - unlisted			
K Electric Limited	40,003	AA	PACRA
	<u>178,070</u>		

**19.2.2** The analysis below summarises the credit quality of the Fund's credit exposure:

	June 30, 2024	June 30, 2023
Rating by rating category	----- (Percentage) -----	
A-1+	98.39	21.59
A-1	1.59	78.40
A-2	0.01	0.01
	<u>100</u>	<u>100</u>

**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 Government securities, term finance certificates and bank balances, while the remaining transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentration of credit risk to counterparties.

### 19.3 Liquidity risk

Liquidity risk is a risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year (2023: None).

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

June 30, 2024					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
Rupees in '000					
<b>Financial assets</b>					
Bank balances	305,886	-	-	-	305,886
Investments	-	150,000	39,154	1,518,435	1,707,589
Profit / mark-up receivable	6,177	11,697	88,953	-	106,827
Deposits	1,166	-	-	-	1,166
	313,229	161,697	128,107	1,518,435	2,121,468
<b>Financial liabilities</b>					
Payable to the Management Company	4,503	-	-	-	4,503
Payable to the Trustee	104	-	-	-	104
Accrued expenses and other liabilities	1,076	-	-	-	1,076
	5,683	-	-	-	5,683
<b>On-balance sheet gap</b>	307,546	161,697	128,107	1,518,435	2,115,785
<b>Total liquidity risk sensitivity gap</b>	307,546	161,697	128,107	1,518,435	-
<b>Cumulative liquidity risk sensitivity gap</b>	307,546	161,697	128,107	1,518,435	-

June 30, 2023					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
Rupees in '000					
<b>Financial assets</b>					
Bank balances	138,067	-	-	-	138,067
Investments	-	-	40,003	599,908	639,911
Profit / mark-up receivable	26,006	-	-	-	26,006
Deposits	350	-	-	-	350
	164,423	-	40,003	599,908	804,334
<b>Financial liabilities</b>					
Payable to the Management Company	1,186	-	-	-	1,186
Payable to the Trustee	34	-	-	-	34
Accrued expenses and other liabilities	450	-	-	-	450
	1,670	-	-	-	1,670
<b>On-balance sheet gap</b>	162,753	-	40,003	599,908	802,664
<b>Total liquidity risk sensitivity gap</b>	162,753	-	40,003	599,908	-
<b>Cumulative liquidity risk sensitivity gap</b>	162,753	-	40,003	599,908	-



## **20. UNITS HOLDERS' FUND RISK MANAGEMENT**

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

Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;

Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and

The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

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

## **21. LIST OF TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

### **Top brokers during the year ended June 30, 2024**

1. Al Falah CLSA Securities (Private) Limited
2. Optimus Markets (Private) Limited
3. BMA Capital Management Limited
4. C & M Management (Private) Limited
5. Invest One Markets Limited
6. JS Global Capital Limited
7. Paramount Capital (Private) Limited
8. Summit Capital (Private) Limited
9. Icon Securities (Private) Limited

### **Top brokers during the year ended June 30, 2023**

1. Optimus Markets (Private) Limited
2. Arif Habib Limited
3. Pearl Securities Limited
4. Invest One Markets Limited
5. Vector Capital (Private) Limited
6. Icon Securities (Private) Limited
7. BIPL Securities Limited

## **22. 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	Qualifications	Experience in years
1.	Mir Adil Rashid	Chief Executive Officer	BSc	25
2.	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	29
3.	Rahat Saeed Khan	Head of Fixed Income	MBA	27
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

### 23. PATTERN OF UNITHOLDING

Category	----- As at June 30, 2024 -----			
	No. of unit holders	Number of units held	Investment amount	Percentage
			Rupees in '000	-----%-----
Individuals	1,944	13,557,118	1,537,978	74.66
Associated companies	2	3,029,802	343,714	16.69
Retirement funds	32	676,904	76,791	3.73
Trusts	12	1,382	157	0.01
Foreign investors	6	7,174	813	0.04
Other corporates	36	886,205	100,535	4.88
	2,032	18,158,584	2,059,988	100

Category	----- As at June 30, 2023 -----			
	No. of unit holders	Number of units held	Investment amount	Percentage
			Rupees in '000	-----%-----
Individuals	1840	3,216,140	363,251	46.78
Associated company	1	2,581,225	291,540	37.55
Retirement funds	27	224,284	25,332	3.26
Trusts	11	1,209	137	0.02
Foreign investors	6	29,462	3,328	0.43
Other corporate	35	822,114	92,855	11.96
	1,920	6,874,434	776,443	100.00

### 24. ATTENDANCE AT MEETINGS OF THE 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	Leave Granted	
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. 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.

**26. GENERAL**

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

**27. 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  
(Management Company)**

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

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

\_\_\_\_\_  
Director



**HBL** Stock Fund

## FUND INFORMATION

NAME OF FUND	HBL Stock Fund
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	A.F. Ferguson & Co.
NAME OF BANKERS	Habib Bank Limited Allied Bank Limited MCB Bank Limited JS Bank Limited Soneri Bank Limited Zarai Taraqati Bank Limited Habib Metropolitan Bank Limited Khushali Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited National Bank of Pakistan HBL Micro Finance Bank Limited

## Type and Category of Fund

Open end Equity Fund

## Investment Objective and Accomplishment of Objective

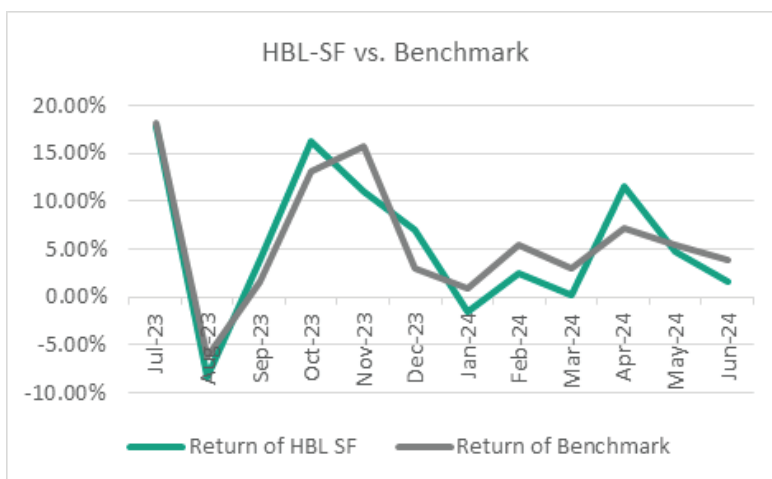
The investment objective of the Fund is to provide long term capital growth by investing primarily in a diversified pool of equities and equity related instruments. The objective of the Fund has been achieved.

## Benchmark and Performance Comparison with Benchmark

KSE30 (Total Return) Index

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

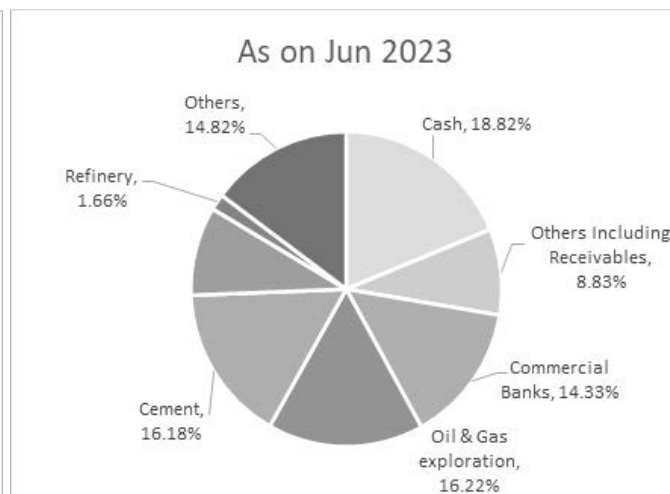
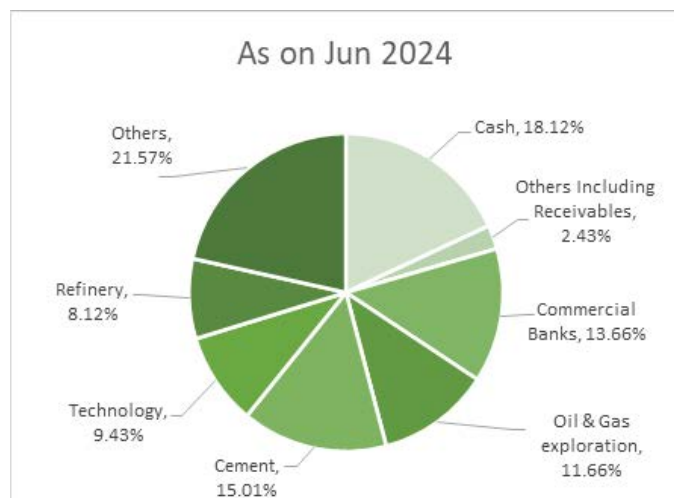
Month	Return of Fund	
	HBL-SF	Benchmark
Jun-24	1.52%	3.86%
May-24	4.74%	5.46%
Apr-24	11.57%	7.22%
Mar-24	0.19%	2.93%
Feb-24	2.49%	5.50%
Jan-24	-1.53%	0.86%
Dec-23	6.94%	2.91%
Nov-23	11.01%	15.71%
Oct-23	16.21%	13.19%
Sep-23	3.92%	1.56%
Aug-23	-8.36%	-6.23%
Jul-23	17.77%	18.12%



## Strategies and Policies employed during the Year

During the year under review, the Fund increased its exposure in equity from 72.35% of total assets as on June 30, 2023 to 79.45% of total assets as on June 30, 2024. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, sector wise exposure in refinery, cement, technology and others has increased, while exposure in commercial banks and oil and gas exploration has decreased.

## Asset Allocation



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2024 and June 30, 2023:

Sector Name	As on Jun 2024	As on Jun 2023
Cash	18.12%	18.82%
Others Including Receivables	2.43%	8.83%
Commercial Banks	13.66%	14.33%
Oil & Gas exploration	11.66%	16.22%
Cement	15.01%	16.18%
Technology	9.43%	9.14%
Refinery	8.12%	1.66%
Others	21.6%	14.8%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

The total and net income of the Fund was Rs. 101.51 million and Rs. 93.63 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs 120.5342 per unit as on June 30, 2024 as compared to Rs 69.6597 per unit as on June 30, 2023, after incorporating dividends of Rs. 8.75 per unit, thereby giving a return of 85.59%. During the same year the benchmark KSE 30 index yielded a return of 94.99%. The size of Fund was Rs 0.23 billion as on June 30, 2024 as compared to Rs. 0.16 billion at the start of the year.

## Market Review

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 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.

## Distribution

The Board of Directors approved distribution of up-to Rs. 8.75 per unit to the unit holders for the year ended June 30, 2024.

### Significant Changes in the State of Affairs

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

### Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	129	5,272
101 – 500	62	15,760
501 – 1,000	18	13,800
1,001 – 10,000	65	254,855
10,001 – 100,000	23	825,521
100,001 – 500,000	1	166,638
500,001 – 1,000,000	1	586,806
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
<b>Total</b>	<b>299</b>	<b>1,868,652</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.



# PERFORMANCE TABLE – HBL STOCK FUND

As at June 30, 2024

	2024	2023	2022	2021	2020	2019
Net assets at the period end (Rs'000)	225,237	160,231	235,637	951,345	1,840,743	2,146,517
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	120.5342	69.6596	112.1020	112.1020	86.3419	89.7221
Offer	123.9393	71.6275	115.2689	115.2689	88.7811	92.2567
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	130.6606	78.1552	117.5302	117.1157	116.9356	114.7399
Lowest offer price per unit	76.2406	64.4225	73.6953	90.2495	72.4474	90.1337
Highest redemption price per unit	130.6606	76.0080	114.3012	113.8981	113.7229	111.5876
Lowest redemption price per unit	74.1460	62.6526	71.6706	87.7700	70.4570	87.6574
<b>RETURN ( % )</b>						
Total return	85.59%	-3.15%	-35.84%	29.83%	-3.77%	-16.20%
Income distribution	12.56%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital growth	73.03%	-3.15%	-35.84%	29.83%	-3.77%	-16.20%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	8.75	-	-	-	-	-
Date of Income Distribution	28-Jun-24	-	-	-	-	-
Total dividend distribution for the year/ period (Rs)	8.75	-	-	-	-	-
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	85.59%	-3.15%	-35.84%	29.83%	-3.77%	-16.20%
Average annual return 2 year	34.07%	-21.17%	-8.73%	11.77%	-10.20%	-14.05%
Average annual return 3 year	4.87%	-6.91%	-7.11%	1.54%	-10.75%	-2.91%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	18%	19%	17%	7%	11%	11%
Stock / Equities	79%	72%	80%	59%	89%	88%
Placement with Banks and DFIs	0%	0%	0%	0%	0%	0%
Others Including Receivables	2%	9%	2%	35%	1%	2%

**Note:**

The Launch date of the Fund is August 31, 2007

**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

## Summary of Actual Proxy voted by CIS

HBLSF	Meetings	Resolutions	For	Against
Number	8	10	10	-
(%ages)	-	-	-	-

(h) AMC did not participate in shareholders' meetings

Scrip	AGM Meeting Dt	EOGM Meeting Dt
Abbott Laboratories (Pak) Ltd	22-04-24	
Adamjee Insurance Co Ltd	26-04-24	
AGP Limited	19-03-24	19-07-23
Air Link Communication Ltd	28-10-23	
Askari Bank Ltd	28-03-24	
Attock Petroleum Ltd		09-03-24
Attock Refinery Ltd	09-10-23	
Baluchistan Wheels Ltd.	23-09-23	
Bank Al-Falah Ltd	20-03-24	27-05-24
Bank Al-Habib Limited	06-03-24	
BankIslami Pakistan Limited	28-03-24	
Century Paper & Board Mills Ltd	25/09/2023 17-10-2023	
Cherat Cement Company Ltd.	25-10-23	21-03-24
D G Khan Cement Co.Ltd.	27-10-23	
Descon Oxychem Ltd		
Engro Corporation Ltd	25-04-24	26-06-24
Engro Fertilizers Limited		
Fauji Cement Company Limited	27-10-23	
Fauji Fertilizer Bin Qasim Ltd	25-03-24	18-08-23
Fauji Fertilizer Co Ltd	26-03-24	23-11-23
Faysal Bank Limited	07-03-24	
Ferozsons Laboratories Ltd	28-10-23	05-07-23
Ghani Glass Ltd	27-10-23	14-12-23
Gharibwal Cement Ltd		28-02-24
Habib Bank Ltd	27-03-24	30-05-24
Highnoon Laboratories Limited	29-04-24	
Honda Atlas Cars (Pakistan) Ltd	27-06-24	25-Apr-24
Hub Power Company Ltd	16-10-23	
Indus Motor Company Limited		30-10-23
International Steels Limited	26-09-23	
Kohat Cement Ltd	16-10-23	
Lucky Cement Ltd	26-09-23	23-11-23
Maple Leaf Cement Factory Ltd	19-10-23	
Mari Petroleum Company Ltd	26-09-23	
MCB Bank Ltd	27-03-24	
Meezan Bank Ltd	28-3-24 28/10/2023	
Mughal Iron & Steel Inds Ltd	28-10-23	19-09-23
National Bank of Pakistan Ltd		27-07-23
National Refinery Ltd	23-10-23	
Netsol Technologies	25-10-23	
Nishat Power Limited	26-10-23	22-08-23
Oil & Gas Development Co Ltd	30-10-23	
Pak Suzuki Motor Company Limited	29-04-24	09/02/2024 7-5-24
Pakistan Aluminium Beverage Cans Limited	29-04-24	
Pakistan Hotels Developers Ltd	27-10-23	
Pakistan Petroleum Ltd	25-10-23	
Pakistan State Oil Company Ltd	26-10-23	
PANTHER TYRES LIMITED	26-09-23	
Pioneer Cement Limited	27-10-23	
Sazgar Engineering Works Limited	26-10-23	
Shell Pakistan Ltd	25-04-24	
Sui Northern Gas Pipeline Ltd	01-08-23	30-09-23
Systems Limited	19-04-24	26-12-23
Tariq Glass Industries Ltd	27-10-23	01/09/2023 15-2-2024
The Searle Company Ltd		26-07-23
TPL Trakker Limited	23-10-23	21-06-24
United Bank Limited	18-03-24	
Unity Foods Limited	27-10-23	

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL STOCK FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2024





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## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of HBL Stock Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of HBL Stock 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 movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investment of the Fund as at June 30, 2024 amounted to Rs. 49.810 million and Rs. 218.386 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>obtained independent confirmations for verifying the existence of the bank balances and investment portfolio as at June 30, 2024 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

### Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: September 27, 2024

UDIN: AR202410061YRC3rxL6f

**HBL Stock Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2024*

Note	2024	2023
	----- Rupees in '000 -----	
<b>ASSETS</b>		
Bank balances	4 49,810	38,722
Investments	5 218,386	148,861
Dividend and profit receivable	6 1,747	1,370
Receivable against sale of investments	-	11,584
Advances and deposits - net	7 3,111	3,111
Receivable from HBL Asset Management Limited - Management Company	8 1,852	2,125
<b>Total assets</b>	274,906	205,773
<b>LIABILITIES</b>		
Payable to HBL Asset Management Limited - Management Company	9 618	798
Payable to Central Depository Company of Pakistan Limited - Trustee	10 39	30
Payable to the Securities and Exchange Commission of Pakistan	11 16	38
Payable against purchase of investments	7,107	4,482
Dividend payable	1,638	-
Accrued expenses and other liabilities	12 40,252	40,194
<b>Total liabilities</b>	49,670	45,542
<b>NET ASSETS</b>	<u>225,236</u>	<u>160,231</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<u>225,236</u>	<u>160,231</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	
	----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>	18 <u>1,868,652</u>	<u>2,300,195</u>
	----- Rupees -----	
<b>NET ASSET VALUE PER UNIT</b>	3.7 <u>120.5342</u>	<u>69.6597</u>

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

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

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

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

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

**HBL Stock Fund**  
**Income Statement**  
For the year ended June 30, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
<b>INCOME</b>			
Dividend income		11,360	16,521
Profit on savings accounts with banks		9,076	7,937
Income from government securities - Market Treasury Bills		-	138
Gain / (loss) on sale of investments - net		55,367	(19,777)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	25,705	(3,258)
		81,072	(23,035)
<b>Total income</b>		101,508	1,561
<b>EXPENSES</b>			
Remuneration of HBL Asset Management Limited - Management Company	9.1 & 9.2	3,957	4,327
Selling and marketing expenses	9.3	753	2,024
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	635	1,039
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 & 10.2	352	433
Annual fee to the Securities and Exchange Commission of Pakistan	11	147	38
Securities transaction costs		1,901	2,014
Auditors' remuneration	14	1,183	734
Settlement and bank charges		421	594
Fees and subscription		378	394
Reimbursement from HBL Asset Management Limited - Management Company		(1,852)	(2,125)
<b>Total expenses</b>		7,875	9,472
<b>Net income / (loss) for the year before taxation</b>		93,633	(7,911)
Taxation	16	-	-
<b>Net income / (loss) for the year after taxation</b>		93,633	(7,911)
<b>Earnings per unit</b>	17		
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		93,633	-
Income already paid on redemption of units		(35,442)	-
		58,191	-
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		48,219	-
- Excluding capital gains		9,972	-
		58,191	-

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

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

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

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

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



# HBL Stock Fund

## Statement of Comprehensive Income

For the year ended June 30, 2024

	2024	2023
	----- Rupees in '000 -----	
Net income / (loss) for the year after taxation	93,633	(7,911)
Other comprehensive income for the year	-	-
<b>Total comprehensive income / ( loss ) for the year</b>	<u>93,633</u>	<u>(7,911)</u>

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

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

# HBL Stock Fund

## Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2024

	2024			2023		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
Rupees in '000						
<b>Net assets at the beginning of the year</b>	1,341,385	(1,181,154)	160,231	1,408,880	(1,173,243)	235,637
Issuance of 4,234,337 units (2023: 1,389,842 units)						
- Capital value (at net asset value per unit at the beginning of the year)	294,963	-	294,963	99,968	-	99,968
- Element of income / (loss)	115,488	-	115,488	(2,522)	-	(2,522)
<b>Total proceeds on issuance of units</b>	410,451	-	410,451	97,446	-	97,446
Redemption of 4,665,880 units (2023: 2,365,691 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(325,024)	-	(325,024)	(170,158)	-	(170,158)
- Element of loss / (income)	(63,258)	(35,442)	(98,700)	5,217	-	5,217
<b>Total payments on redemption of units</b>	(388,282)	(35,442)	(423,724)	(164,941)	-	(164,941)
Total comprehensive income / (loss) for the year	-	93,633	93,633	-	(7,911)	(7,911)
Final distribution for the year ended June 30, 2024 ( cash distribution @ Rs 8.75 per unit declared on June 28, 2024)	-	(9,797)	(9,797)	-	-	-
Refund of capital	(5,558)	-	(5,558)	-	-	-
<b>Net income / (loss) for the year less distribution</b>	(5,558)	83,836	78,278	-	(7,911)	(7,911)
<b>Net assets at the end of the year</b>	<b>1,357,996</b>	<b>(1,132,760)</b>	<b>225,236</b>	<b>1,341,385</b>	<b>(1,181,154)</b>	<b>160,231</b>
<b>Accumulated loss brought forward comprising of:</b>						
- Realised loss	(1,177,896)			(1,105,204)		
- Unrealised loss	(3,258)			(68,039)		
	(1,181,154)			(1,173,243)		
<b>Accounting income available for distribution:</b>						
- Relating to capital gains	48,219			-		
- Excluding capital gains	9,972			-		
	58,191			-		
Net loss for the year after taxation	-			(7,911)		
Distribution during the year	(9,797)			-		
<b>Accumulated loss carried forward</b>	<b>(1,132,760)</b>			<b>(1,181,154)</b>		
<b>Accumulated loss carried forward comprising of:</b>						
- Realised loss	(1,158,465)			(1,177,896)		
- Unrealised gain / (loss)	25,705			(3,258)		
	(1,132,760)			(1,181,154)		
		(Rupees)			(Rupees)	
<b>Net asset value per unit at the beginning of the year</b>		69.6597			71.9274	
<b>Net asset value per unit at the end of the year</b>		120.5342			69.6597	

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

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

Chief Financial Officer

Chief Executive Officer

Director

	Note	2024	2023
		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the year before taxation		93,633	(7,911)
<b>Adjustments for:</b>			
Profit on savings accounts with banks		(9,076)	(7,937)
Dividend income		(11,360)	(16,521)
Income from government securities - Market Treasury Bills		-	(138)
Gain / (loss) on sale of investments - net		(55,367)	19,777
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	(25,705)	3,258
		(7,875)	(9,472)
<b>Decrease / (increase) in assets</b>			
Investments - net		25,756	46,828
Receivable from HBL Asset Management Limited - Management Company		273	(2,125)
		26,029	44,703
<b>(Decrease) / increase in liabilities</b>			
Payable to HBL Asset Management Limited - Management Company		(180)	(1,535)
Payable to Central Depository Company of Pakistan Limited - Trustee		9	(35)
Payable to the Securities and Exchange Commission of Pakistan		(22)	(100)
Accrued expenses and other liabilities		58	99
		(135)	(1,571)
		18,019	33,660
Profit received on savings accounts with banks		9,293	8,225
Dividend received		10,766	16,305
Income received from government securities - Market Treasury Bill		-	138
<b>Net cash generated from operating activities</b>		38,078	58,328
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		410,451	97,446
Payment against redemption and conversion of units		(423,724)	(164,941)
Refund of capital		(5,558)	-
Cash dividend paid		(8,159)	-
<b>Net cash used in financing activities</b>		(26,990)	(67,495)
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		11,088	(9,167)
Cash and cash equivalents at the beginning of the year		38,722	47,889
<b>Cash and cash equivalents at the end of the year</b>	4	49,810	38,722

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

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

Chief Financial Officer

Chief Executive Officer

Director

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

- 1.1** HBL Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on August 09, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 21, 2007. During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Accordingly, on September 8, 2021, the above-mentioned Trust Deed has been registered under the "Sindh Trust Act, 2020".
- 1.2** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The Fund has been categorised as an open ended equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at a par value of Rs 10 per unit from August 29, 2007 to August 31, 2007.
- 1.4** The principal objective of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equities related instruments.
- 1.5** VIS Credit Rating Company Limited (VIS) has assigned the Management Quality Rating to AM-I (2023: AM-I) dated December 29, 2023 and the outlook on the rating has been assigned as 'Stable' ( 2023 : 'Stable' ).
- 1.6** The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

**0.1 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year**

"There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and, therefore, have not been disclosed in these financial statements except for the following: "

During the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that these provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

**2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or will not have any material effect on the Fund's financial statements except for the following:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB, IFRS 18 is yet to be applicable in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

**2.4 Significant accounting estimates and judgments**

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5) and provision for federal excise duty (note 12.1).

**2.5 Accounting convention**

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

## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## **3 MATERIAL ACCOUNTING POLICY INFORMATION**

**3.1** The accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

### **3.2 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

### **3.3 Financial assets**

#### **3.3.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

#### **3.3.2 Classification and subsequent measurement**

##### **Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income "(FVOCI)"
- at fair value through profit or loss (FVTPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

##### **Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVTPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

#### **3.3.2.1 Impairment**

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### **3.3.2.2 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

#### **3.3.2.3 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

#### **3.3.2.4 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. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### **3.4 Financial liabilities**

All financial liabilities are recorded 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 discharged when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

**3.5 Offsetting of financial assets and financial liabilities**

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

**3.6 Provisions**

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

**3.7 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 circulation at the year end.

**3.8 Issue and redemption of units**

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

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

**3.9 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

**3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

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



### 3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised appreciation / (diminution) 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 these arise.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on saving accounts with bank and income from government securities are recognised on a time proportion basis using the effective yield method.

### 3.12 Expenses

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

### 3.13 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash.

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

### 3.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 17.

### 3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2024	2023
		----- Rupees in '000 -----	
<b>4 BANK BALANCES</b>			
Balances with banks in:			
Savings accounts	4.1	39,794	38,704
Current accounts		10,016	18
		<u>49,810</u>	<u>38,722</u>

- 4.1** These include balances of Rs. 26.045 million (2023: Rs. 1.11 million) with Habib Bank Limited (a related party) carrying profit at the rate of 16% (2023: 8%) and Rs. 6.549 million (2023: Rs. 27.343 million) with HBL Microfinance Bank Limited (a related party) carrying profit at the rate of 20.25% to 22% (2023: 14.9% to 21.9%). Other savings accounts of the Fund carry profit at the rates of 18.2% to 21.5% (2023: 8% to 20.3%) per annum.

### 5.1 Quoted equity securities

Name of the investee company	As at July 01, 2022	Purchased during the year	Bonus / Rights issue	Sold during the year	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation / (diminution) as at June 30, 2024	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									Total market value of investments	Net assets of the Fund	
	Number of shares						(Rupees in '000)			%	
<b>CEMENT</b>											
Cherat Cement Company Limited	-	99,551	-	61,051	38,500	4,582	4,631	49	3.11%	2.89%	0.02%
D.G. Khan Cement Company Limited	-	433,500	-	310,500	123,000	6,440	6,310	(130)	4.24%	3.94%	0.03%
Fauji Cement Company Limited	-	828,000	33,875	861,875	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	38,500	-	38,500	-	-	-	-	-	-	-
Lucky Cement Limited	-	124,714	-	98,644	26,070	13,017	13,611	594	9.14%	8.49%	0.01%
Maple Leaf Cement Factory Limited	-	1,296,000	-	987,422	308,578	8,631	8,742	111	5.87%	5.46%	0.03%
Attock Cement Pakistan Limited	137,200	-	-	137,200	-	-	-	-	-	-	-
Pioneer Cement Limited	-	191,105	-	191,105	-	-	-	-	-	-	-
						32,670	33,294	624	22.37%	20.78%	
<b>CHEMICAL</b>											
Engro Polymer & Chemicals Limited	29,000	159,500	Engro	188,500	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	105,500	-	105,500	-	-	-	-	-	-	-
Descon Oxychem Limited	-	372,000	-	372,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
The Hub Power Company Limited (note 5.1.2)	113,558	316,600	-	270,000	160,158	11,224	11,144	(80)	7.49%	6.95%	0.01%
Nishat Power Limited	-	139,500	-	139,500	-	-	-	-	-	-	-
						11,224	11,144	(80)	7.49%	6.95%	
<b>Balance carried forward</b>						<b>43,894</b>	<b>44,438</b>	<b>544</b>			
<b>ENGINEERING</b>											
Mughal Iron & Steel Industries Limited (note 5.1.3)	20,889	115,500	-	115,499	20,890	1,065	1,012	(53)	0.68%	0.63%	0.01%
						1,065	1,012	(53)	0.68%	0.63%	
<b>PHARMACEUTICALS</b>											
AGP Limited	-	94,000	-	94,000	-	-	-	-	-	-	-
The Searle Company Limited * (note 5.1.3)	9,532	34,500	2,383	34,500	11,915	765	457	(308)	0.31%	0.29%	-
						765	457	(308)	0.31%	0.29%	
<b>GLASS &amp; CERAMICS</b>											
Tariq Glass Industries Limited	-	91,500	-	53,500	38,000	2,675	2,588	(87)	1.74%	1.62%	0.02%
						2,675	2,588	(87)	1.74%	1.90%	
<b>PROPERTIES</b>											
TPL Properties Limited	-	220,000	-	220,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>MISCELLANEOUS</b>											
Pakistan Aluminium Beverage Cans Limited	-	23,000	-	23,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Mari Petroleum Company Limited * (note 5.1.2)	-	10,310	-	4,201	6,109	9,502	9,253	(249)	6.22%	5.77%	-
Oil & Gas Development Company Limited * (note 5.1.2)	229,055	376,000	-	457,600	147,455	12,008	11,501	(507)	7.73%	7.18%	-
Pakistan Oilfields Limited	17,231	27,650	-	44,881	-	-	-	-	-	-	-
Pakistan Petroleum Limited (note 5.1.2)	264,619	485,844	-	537,033	213,430	13,609	12,622	(987)	8.48%	7.88%	0.01%
						35,119	33,376	(1,743)	22.42%	20.83%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Attock Petroleum Limited	-	13,459	-	13,459	-	-	-	-	-	-	-
Sui Northern Gas Pipeline Limited	-	714,000	-	559,682	154,318	6,515	6,075	(440)	4.08%	3.79%	0.02%
Shell Pakistan Limited	-	35,000	-	35,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited * (note 5.1.3)	61,341	36,900	-	94,738	3,503	430	389	(41)	0.26%	0.24%	-
						6,945	6,464	(481)	4.34%	4.03%	
<b>REF</b>											



5

**INVESTMENTS**

**At fair value through profit or loss**

- Quoted equity securities

Note

2024

2023

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

5.1

218,386

148,861

5.1

**Quoted equity securities**

Name of the investee company	As at July 01, 2023	Purchased during the year	Bonus / Rights issue	Sold during the year	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation / (diminution) as at June 30, 2024	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									Total market value of investments	Net assets of the Fund	
	Number of shares					(Rupees in '000)			%		
<b>CEMENT</b>											
Cherat Cement Company Limited	38,500	22,500	-	61,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	123,000	319,200	-	321,700	120,500	10,525	10,878	353	4.98%	4.83%	0.03%
Fauji Cement Company Limited	-	45,000	-	45,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	35,294	-	35,294	-	-	-	-	-	-	-
Lucky Cement Limited *	26,070	46,468	-	60,470	12,068	10,487	10,942	455	5.01%	4.86%	-
Maple Leaf Cement Factory Limited (note 5.1.2)	308,578	351,500	-	510,078	150,000	5,263	5,700	437	2.61%	2.53%	0.01%
Gharibwal Cement Limited	-	144,500	-	144,500	-	-	-	-	-	-	-
Pioneer Cement Limited	-	180,500	-	99,000	81,500	12,426	13,745	1,319	6.29%	6.10%	0.04%
						38,701	41,265	2,564	18.90%	18.32%	
<b>CHEMICAL</b>											
Descon Oxychem Limited	-	74,000	-	74,000	-	-	-	-	-	-	-
						-	-	-	-	-	
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
The Hub Power Company Limited (note 5.1.2)	160,158	178,842	-	222,000	117,000	14,532	19,080	4,548	8.74%	8.47%	0.01%
Nishat Power Limited	-	240,000	-	240,000	-	-	-	-	-	-	-
						14,532	19,080	4,548	8.74%	8.47%	
<b>ENGINEERING</b>											
Mughal Iron & Steel Industries Limited (note 5.1.3)	20,890	127,500	-	127,501	20,889	1,356	1,943	587	0.89%	0.86%	0.01%
International Steels Limited	-	77,000	-	77,000	-	-	-	-	-	-	-
						1,356	1,943	587	0.89%	0.86%	
<b>PHARMACEUTICALS</b>											
AGP Limited	-	88,739	-	88,739	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	45,200	-	45,200	-	-	-	-	-	-	-
Highnoon Laboratories Limited	-	7,600	-	7,600	-	-	-	-	-	-	-
Abbott Laboratories Limited	-	4,500	-	4,500	-	-	-	-	-	-	-
The Searle Company Limited * (note 5.1.3)	11,915	86,000	-	86,000	11,915	675	681	6	0.31%	0.30%	-
						675	681	6	0.31%	0.30%	
<b>GLASS &amp; CERAMICS</b>											
Ghani Glass Limited	-	309,000	-	309,000	-	-	-	-	-	-	-
Tariq Glass Industries Limited	38,000	93,000	-	131,000	-	-	-	-	-	-	-
						-	-	-	-	-	
<b>PAPER &amp; BOARD</b>											
Century Paper & Board Mills Limited	-	209,000	-	209,000	-	-	-	-	-	-	-
						-	-	-	-	-	
<b>MISCELLANEOUS</b>											
Pakistan Hotels Developers Limited	-	3,500	-	3,500	-	-	-	-	-	-	-
Pakistan Aluminium Beverage Cans Limited	-	129,000	-	129,000	-	-	-	-	-	-	-
						-	-	-	-	-	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Mari Petroleum Company Limited * (note 5.1.2)	6,109	6,218	-	12,327	-	-	-	-	-	-	-
Oil & Gas Development Company Limited * (note 5.1.2)	147,455	219,745	-	246,700	120,500	13,250	16,312	3,062	7.47%	7.24%	-
Pakistan Petroleum Limited * (note 5.1.2)	213,430	230,290	-	309,220	134,500	12,542	15,751	3,209	7.21%	6.99%	-
						25,792	32,063	6,271	14.68%	14.24%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Attock Petroleum Limited	-	12,263	-	12,263	-	-	-	-	-	-	-
Sui Northern Gas Pipeline Limited (note 5.1.2)	154,318	321,000	-	352,318	123,000	6,677	7,807	1,130	3.57%	3.47%	0.02%
Shell Pakistan Limited	-	66,000	-	66,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited * (note 5.1.3)	3,503	112,500	-	65,000	51,003	7,443	8,477	1,034	3.88%	3.76%	0.01%
						14,120	16,284	2,164	7.46%	7.23%	
<b>Balance carried forward</b>						<b>53,233</b>	<b>60,345</b>	<b>7,112</b>			

Name of the investee company	As at July 01, 2023	Purchased during the year	Bonus / Rights issue	Sold during the year	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation / (diminution) as at June 30, 2024	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
	Number of shares					(Rupees in '000)			Total market value of investments	Net assets of the Fund	%
<b>Balance brought forward</b>						<b>53,233</b>	<b>60,345</b>	<b>7,112</b>			
<b>REFINERY</b>											
Attock Refinery Limited	19,890	131,300	-	117,190	34,000	12,675	11,954	(721)	5.47%	5.31%	0.03%
National Refinery Limited	-	39,000	-	-	39,000	11,525	10,354	(1,171)	4.74%	4.60%	0.05%
						24,200	22,308	(1,892)	10.21%	9.90%	
<b>COMMERCIAL BANKS</b>											
Bank Alfalah Limited	-	132,500	-	132,500	-	-	-	-	-	-	-
Bank Al Habib Limited (note 5.1.2)	149,132	263,351	-	299,151	113,332	8,716	12,714	3,998	5.82%	5.64%	0.01%
BankIslami Pakistan Limited	80,000	698,000	-	778,000	-	-	-	-	-	-	-
Faysal Bank Limited * (note 5.1.3)	26,018	273,000	-	273,000	26,018	649	1,364	715	0.62%	0.61%	-
Habib Bank Limited * (note 5.1.2)	52,200	450,800	-	453,000	50,000	5,674	6,202	528	2.84%	2.75%	-
National Bank Limited	-	62,000	-	62,000	-	-	-	-	-	-	-
Askari Bank Limited	-	160,000	-	160,000	-	-	-	-	-	-	-
MCB Bank Limited	-	179,108	-	179,108	-	-	-	-	-	-	-
Meezan Bank Limited * (note 5.1.2)	95,725	18,000	-	103,725	10,000	1,220	2,394	1,174	1.10%	1.06%	-
United Bank Limited * (note 5.1.2)	76,529	158,585	-	177,114	58,000	8,662	14,862	6,200	6.81%	6.60%	-
						24,921	37,535	12,614	17.19%	16.66%	
<b>FERTILIZER</b>											
Engro Corporation Limited	17,300	74,500	-	91,800	-	-	-	-	-	-	-
Engro Fertilizers Limited (note 5.1.2)	52,587	190,500	-	243,087	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	166,000	-	166,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATION</b>											
Air Link Communication Limited	-	237,000	-	237,000	-	-	-	-	-	-	-
NetSol Technologies Limited	-	122,500	-	-	122,500	17,593	16,631	(962)	7.62%	7.38%	0.14%
Systems Limited (note 5.1.2)	12,605	57,036	-	69,641	-	-	-	-	-	-	-
TPL Trakker Limited	1,551,500	-	-	53,500	1,498,000	13,242	9,288	(3,954)	4.25%	4.12%	0.80%
						30,835	25,918	(4,917)	11.87%	11.51%	
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>											
Unity Foods Limited	-	203,700	-	203,700	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>											
Baluchistan Wheels Limited	-	2,000	-	2,000	-	-	-	-	-	-	-
Panther Tyres Limited	-	138,000	-	138,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>INSURANCE</b>											
Adamjee Insurance Company Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>AUTOMOBILE ASSEMBLER</b>											
Atlas Honda Limited *	-	44,000	-	7,000	37,000	11,204	10,487	(717)	4.80%	4.66%	-
Indus Motor Company Limited	-	5,700	-	5,700	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	3,800	-	3,800	-	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	78,500	-	65,500	13,000	6,345	10,822	4,477	4.96%	4.80%	0.02%
						17,549	21,309	3,760	9.76%	9.46%	
<b>Total as at June 30, 2024</b>						<b>192,681</b>	<b>218,386</b>	<b>25,705</b>			
<b>Total as at June 30, 2023</b>						<b>152,119</b>	<b>148,861</b>	<b>(3,258)</b>			

\* Nil figures due to rounding off difference

### 5.1.1 All shares have a face value of Rs 10 each.

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

	2024	2023	2024	2023
	--- (Number of shares) ---		----- Rupees in '000 -----	
The Hub Power Company Limited	20,000	90,000	3,262	6,262
Mari Petroleum Company Limited	-	1,000	-	1,515
Bank Al Habib Limited	104,000	-	11,667	-
Oil & Gas Development Company Limited	63,500	67,700	8,596	5,281
Pakistan Petroleum Limited	100,000	100,600	11,711	5,949
United Bank Limited	15,681	15,681	4,018	1,843
Maple Leaf Cement Factory Limited	105,000	-	3,990	-
Sui Northern Gas Pipelines Limited	63,500	-	4,030	-
Habib Bank Limited	-	50,000	-	3,662
Engro Fertilizers Limited	-	30,000	-	2,476
Meezan Bank Limited	-	12,000	-	1,036
Systems Limited	-	5,000	-	2,017
	<u>471,681</u>	<u>371,981</u>	<u>47,274</u>	<u>30,041</u>

**5.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposit tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

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

As at June 30, 2024, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

Name of the Company	2024		2023	
	----- Bonus shares -----			
	Number of shares withheld	Market value as at June 30, 2024	Number of shares withheld	Market value as at June 30, 2023
	Rupees in '000		Rupees in '000	
Mughal Iron & Steel Industries Limited	20,889	1,943	20,889	1,012
The Searle Company Limited	11,915	681	11,915	456
Pakistan State Oil Company Limited	3,503	582	3,503	389
Faysal Bank Limited	26,018	1,364	26,018	525
	62,325	4,570	62,325	2,382

5.2	Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	Note	2024	2023
			----- Rupees in '000 -----	
	Market value of investments	5.1	218,386	148,861
	Less: carrying value of investments	5.1	(192,681)	(152,119)
			<u>25,705</u>	<u>(3,258)</u>
6	<b>DIVIDEND AND PROFIT RECEIVABLE</b>			
	Dividend receivable		1,229	635
	Profit receivable on bank balances		518	735
			<u>1,747</u>	<u>1,370</u>
7	<b>ADVANCES AND DEPOSITS - NET</b>			
	Security deposit with:			
	- National Clearing Company of Pakistan Limited		2,500	2,500
	- Central Depository Company of Pakistan Limited		100	100
	Advance tax	7.3	511	511
	Advance against subscription of Term Finance Certificates (TFC)	7.1	25,000	25,000
			<u>28,111</u>	<u>28,111</u>
	Less: Provision in respect of advance against subscription of term finance certificates	7.2	(25,000)	(25,000)
			<u>3,111</u>	<u>3,111</u>

**7.1** The Fund had subscribed towards the term finance certificates of Dewan Cement Limited as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer till June 30, 2024. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at June 30, 2024, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

**7.2** Disclosure Under Circular 16 Of 2010 Issued By The Securities And Exchange Commission Of Pakistan - Categorisation Of Open End Scheme

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria laid down in the circular. HBL Asset Management Limited (Management Company) classified HBL Stock Fund (the Fund) as 'Equity Scheme' in accordance with the said circular. As at June 30, 2024, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Name of non-complaint investment	Type of investment	Value of Investment before provision	Provision held (if any)	Value of investment after provision	% of Gross assets
----- Rupees in '000 -----					
Dewan Cement Limited	TFC	25,000	25,000	-	-

- 7.3** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on dividends and profit on bank deposits amounts to Rs. 0.511 million (2023: Rs. 0.511 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit received by the Fund on dividends and profit on bank deposits have been shown as other receivables as at June 30, 2024 as, in the opinion of the management company, the amount of tax deducted at source will be refunded.

## **8 RECEIVABLE FROM HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY**

As per SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the TER in respect of each CIS to ensure the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each Quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in regulation 60(5) of the NBFC Regulations.

During the year ended June 30, 2024, the Fund was in breach of the TER ratio of maximum 4.5% as prescribed under NBFC Regulations for a CIS categories as equity scheme. As a result the Fund has recorded receivable from Management Company to comply with the TER.

<b>9 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
----- Rupees in '000 -----			
Remuneration payable	9.1	395	262
Sindh Sales Tax payable on remuneration of the Management Company	9.2	51	34
Selling and marketing expenses payable	9.3	160	430
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	9.4	-	72
Sales load payable		12	-
		<u>618</u>	<u>798</u>



- 9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the Total Expense Ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate ranging from 2% to 3% (2023: 2%) per annum of the daily net assets of the Fund during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.
- 9.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 9.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate ranging from 0% to 1.05% (2023: 1.05%) during the year ended June 30, 2024 while keeping in view the overall return and Total Expense Ratio limit of the Fund as defined under the NBFC Regulations.
- 9.4** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its own discretion has charged at the rate ranging from 0% to 0.67% (2023: 0.55%) of the daily net assets of the scheme for allocation of such expenses to the Fund.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024	2023
			----- Rupees in '000 -----	
	Remuneration payable to the Trustee	10.1	35	27
	Sindh Sales Tax payable on remuneration of the Trustee	10.2	4	3
			<u>39</u>	<u>30</u>

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the Trustee according to the following tariff structure:

Tariff structure	
Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.20% p.a. of Net Assets
- From Rs 1,000 million to Rs 5,000 million	Rs. 2.0 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs.1,000 million.

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

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
	Fee payable	11.1	<u>16</u>	<u>38</u>

**11.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.095% per annum of the daily net assets of the Fund, applicable to an "Equity Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.095% per annum of the daily net assets during the year.

Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay the SECP fee within three months of the close of accounting year.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
	Provision for federal excise duty	12.1	37,838	37,838
	Withholding tax payable		649	793
	Auditors' remuneration payable		851	550
	Securities transaction costs payable		96	268
	Zakat payable		29	29
	Other payable		<u>789</u>	<u>716</u>
			<u>40,252</u>	<u>40,194</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 37.838 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV of the Fund would have been higher by Rs 20.25 (2023: Rs 16.45) per unit.

### 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

	2024	2023
	----- Rupees in '000 -----	
<b>14 AUDITORS' REMUNERATION</b>		
Annual audit fee	467	436
Half year review	311	186
Certifications and other services	201	-
Out of pocket expenses	117	58
Sales tax	88	54
	<u>1,183</u>	<u>734</u>

### 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 5.11% (2023: 4.95%) which includes 0.62% (2023: 0.47%) representing government levies on the Fund such as sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

### 16 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 17 EARNINGS / (LOSS) PER UNIT

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

	2024	2023
	----- Number of units -----	
<b>18 NUMBER OF UNITS IN ISSUE</b>		
Total outstanding as of July 01	2,300,195	3,276,044
Add: issued during the year	4,234,337	1,389,842
Less: redeemed during the year	(4,665,880)	(2,365,691)
Total units in issue as of June 30	<u>1,868,652</u>	<u>2,300,195</u>

### 19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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

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

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

19.1	Transactions during the year	2024	2023
		----- Rupees in '000 -----	
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of the Management Company including Sales Tax thereon	3,957	4,327
	Selling and marketing expenses	753	2,024
	Allocation of expenses related to registrar services, accounting, operation and valuation services	635	1,039
	Reimbursement from HBL Asset Management Limited - Management Company	1,852	2,125
	<b>Habib Bank Limited - Sponsor</b>		
	Bank charges	8	12
	Bank profit	925	872
	Dividend Income	1,058	448
	<b>HBL Micro Finance Bank (Formerly First Micro Finance Bank) - Associate</b>		
	Bank profit	3,655	3,253
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee remuneration including Sales Tax thereon	352	433
	Central Depository service charges	-	181
	<b>Directors and executives of the Management Company</b>		
	Issuance of 21,689 units (2023: Nil units)	2,714	-
	Redemption of 603 units (2023: Nil units)	(62)	-
	<b>DCCL - HBL Financial Planning Fund Conservative Allocation Plan - Associate</b>		
	Issuance of nil (2023: 9,404) units	-	644
	Redemption of 48,324 (2023: 103,540) units	(4,390)	(7,136)
	<b>Jaffer Brothers (Private) Limited and Associated Companies Staff Provident Fund - Connected party due to 10% units</b>		
	Redemption of 715,854 (2023: nil) units	(53,613)	-

**19.2 Balances outstanding as at year end**

**HBL Asset Management Limited - Management Company**

Remuneration payable to the Management Company including Sales Tax thereon	446	296
Sales load payable	12	-
Selling and marketing expenses payable	160	430
Allocation of expenses related to registrar services, accounting, operation and valuation services payable	-	72
Receivable from HBL Asset Management Limited - Management Company	1,852	2,125

**Habib Bank Limited - Sponsor**

Bank balances	26,045	1,111
Profit receivable	80	14

**HBL Micro Finance Bank (Formerly First Micro Finance Bank) - Associate**

Bank Balance	6,549	27,343
Profit receivable	121	561

**Directors and executives of the Management Company**

Outstanding 21,242 (2023: 156) units	2,560	11
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**DCCL - HBL Financial Planning Fund Conservative**

**Allocation Plan - Associate**

Outstanding nil (2023: 48,324) units	-	3,366
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**2024 2023**

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

**Jaffer Brothers (Private) Limited and Associated Companies Staff**

**Provident Fund - Associate**

Outstanding nil (2023: 715,854) units	-	49,866
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**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable including Sales Tax thereon	39	30
Security deposit	100	100

**20 FINANCIAL INSTRUMENTS BY CATEGORY**

-----2024-----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
49,810	-	49,810
-	218,386	218,386
1,747	-	1,747
1,852	-	1,852
2,600	-	2,600
56,009	218,386	274,395
618	-	618
39	-	39
7,107	-	7,107
1,736	-	1,736
9,500	-	9,500

-----2023-----			
	At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Bank balances	38,722	-	38,722
Investments	-	148,861	148,861
Dividend and profit receivable	1,370	-	1,370
Receivable against sale of investments	11,584	-	11,584
Receivable from HBL Asset Management Limited - Management Company	2,125	-	2,125
Deposits	2,600	-	2,600
	<u>56,401</u>	<u>148,861</u>	<u>205,262</u>
<b>Financial liabilities</b>			
Payable to HBL Asset Management Limited - Management Company	798	-	798
Payable to Central Depository Company of Pakistan Limited - Trustee	30	-	30
Payable against purchase of investments	4,482	-	4,482
Accrued expenses and other liabilities	1,534	-	1,534
	<u>6,844</u>	<u>-</u>	<u>6,844</u>

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 21.1 Market risk

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

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

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

#### (i) Yield / interest rate risk

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

**a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.50 million (2023: Rs. 0.39 million).

**b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2024, the Fund does not hold any fixed rate instrument that may expose the Fund to fixed interest rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

2024						
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
(%)	Rupees in '000					
On-balance sheet financial instruments						
Financial assets						
Bank balances	16% - 22%	39,794	-	-	10,016	49,810
Investments		-	-	-	218,386	218,386
Dividend and profit receivable		-	-	-	1,747	1,747
Receivable from HBL Asset Management Limited - Management Company		-	-	-	1,852	1,852
Deposits		-	-	-	2,600	2,600
		39,794	-	-	234,602	274,395
Financial liabilities						
Payable to HBL Asset Management Limited - Management Company		-	-	-	618	618
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	39	39
Payable against purchase of investments		-	-	-	7,107	7,107
Accrued expenses and other liabilities		-	-	-	1,736	1,736
		-	-	-	9,500	9,500
On-balance sheet gap (a)		39,794	-	-	225,102	264,895
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		39,794	-	-		
Cumulative interest rate sensitivity gap		39,794	39,794	39,794		

2023					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
(%)	Rupees in '000				

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	8% - 21.9%	38,704	-	-	18	38,722
Investments		-	-	-	148,861	148,861
Dividend and profit receivable		-	-	-	1,370	1,370
Receivable against sale of investment		-	-	-	11,584	11,584
Receivable from HBL Asset Management Limited - Management Company		-	-	-	2,125	2,125
Deposits		-	-	-	2,600	2,600
		38,704	-	-	166,558	205,262

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	798	798
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	30	30
Payable against purchase of investments		-	-	-	4,482	4,482
Accrued expenses and other liabilities		-	-	-	1,534	1,534
		-	-	-	6,844	6,844

**On-balance sheet gap (a)**

38,704	-	-	159,714	198,418
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**Off-balance sheet financial instruments**

-	-	-	-	-
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**Off-balance sheet gap (b)**

-	-	-	-	-
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**Total interest rate sensitivity gap (a+b)**

38,704	-	-
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**Cumulative interest rate sensitivity gap**

38,704	38,704	38,704
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**(ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**(iii) Price risk**

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations, 2008 also limit individual equity securities to no more than 10% of net assets and issued capital of the investee company and sector exposure limit to 35% of the net assets.

In case of 1% increase / decrease in KSE 30 index on June 30, 2024, with all other variables held constant, the total comprehensive profit / (loss) of the Fund for the year would increase / decrease by Rs 2.1837 million (2023: Rs. 1.489 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.



The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 30 Index, is expected to change over time. Accordingly, 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 the level of the KSE 30 Index.

## 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 these fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. 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.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries 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 dates. However, liabilities that are payable on demand have been included in the maturity grouping of one month:

	2024						Total
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	
	Rupees						
<b>Financial assets</b>							
Bank balances	49,810	-	-	-	-	-	49,810
Investments	-	-	-	-	-	218,386	218,386
Dividend and profit receivable	1,747	-	-	-	-	-	1,747
Receivable from HBL Asset Management Limited - Management Company	1,852	-	-	-	-	-	1,852
Deposits	-	-	-	-	-	2,600	2,600
	53,409	-	-	-	-	220,986	274,395
<b>Financial liabilities</b>							
Payable to HBL Asset Management Limited - Management Company	618	-	-	-	-	-	618
Payable to Central Depository Company of Pakistan Limited - Trustee	39	-	-	-	-	-	39
Payable against purchase of investments	7,107	-	-	-	-	-	7,107
Accrued expenses and other liabilities	885	851	-	-	-	-	1,736
	8,649	851	-	-	-	-	9,500
<b>Net financial assets / liabilities</b>	44,760	(851)	-	-	-	220,986	264,895

**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Receivable against sale of investments
Receivable from HBL Asset Management Limited - Management Company
Deposits

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investments
Accrued expenses and other liabilities

**Net financial assets / liabilities**

2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
38,722	-	-	-	-	-	38,722
-	-	-	-	-	148,861	148,861
1,370	-	-	-	-	-	1,370
11,584	-	-	-	-	-	11,584
2,125	-	-	-	-	-	2,125
-	-	-	-	-	2,600	2,600
53,801	-	-	-	-	151,461	205,262
798	-	-	-	-	-	798
30	-	-	-	-	-	30
4,482	-	-	-	-	-	4,482
984	550	-	-	-	-	1,534
6,294	550	-	-	-	-	6,844
47,507	(550)	-	-	-	151,461	198,418

## 21.3 Credit risk

### 21.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2024		2023	
	Financial assets	Maximum exposure to credit risk	Financial assets	Maximum exposure to credit risk
Rupees in '000				
Bank balances	49,810	49,810	38,722	38,722
Investments	218,386	-	148,861	-
Dividend and profit receivable	1,747	1,747	1,370	1,370
Receivable against sale of investments	-	-	11,584	11,584
Receivable from HBL Asset Management Limited - Management Company	1,852	1,852	2,125	2,125
Deposits	2,600	2,600	2,600	2,600
	274,395	56,009	205,262	56,401

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. The difference is because of investment in equity securities which are not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

### 21.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against sale of units. The credit rating profile of balances with banks is as follows:

Rating category	2024	2023
	-----%	-----
AAA	9.59%	0.73%
AA+	0.00%	4.87%
AA-	5.90%	4.87%
AA	0.22%	0.00%
A+	2.39%	0.00%
A	0.00%	0.73%
A-	0.02%	0.72%
	<u>18.12%</u>	<u>11.92%</u>

### 21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

All financial assets of the Fund as at June 30, 2024 are unsecured and are not impaired except for term finance certificates of Dewan Cement Limited as disclosed in note 7.2 to these financial statements.

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

Financial assets at 'fair value through profit or loss'	Note	2024			
		Level 1	Level 2	Level 3	Total
		Rupees in '000			
Quoted equity securities	5.1	218,386	-	-	218,386
Financial assets at 'fair value through profit or loss'	Note	2023			
		Level 1	Level 2	Level 3	Total
		Rupees in '000			
Quoted equity securities	5.1	148,861	-	-	148,861

## 23 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum Fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 24 UNIT HOLDING PATTERN OF THE FUND

	2024			
	Number of unit holders	Number of units held	Investment amount	Percentage investment
Rupees in '000				
Insurance company	1	166,638	20,086	8.92%
Retirement funds	2	92,977	11,207	4.98%
Other corporate	1	48,693	5,870	2.61%
Individuals	307	1,560,344	188,075	83.50%
	311	1,868,652	225,238	100%
2023				
Rupees in '000				
	Number of unit holders	Number of units held	Investment amount	Percentage investment
Associated company	2	764,178	53,233	33.23%
Retirement funds	4	811,837	56,552	35.29%
Other corporate	1	45,863	3,195	1.99%
Individuals	268	678,318	47,251	29.49%
	275	2,300,196	160,231	100%

**25 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID**

-2024-	-2023-
Name of broker	Name of broker
Intermarket Securities Limited	EFG Hermes Pakistan Limited
Taurus Securities Limited	AL Falah CLSA Securities (Private) Limited
DJM Securities Limited	KTrade Securities Limited (Formerly)
Spectrum Securities (Private) Limited	Khadim Ali Shah B
Topline Securities (Private) Limited	Intermarket Securities Limited
Next Capital Limited	Ismail Iqbal Securities (Private) Limited
Optimus Capital Management (Privat) Limited.	Arif Habib Limited
Arif Habib Limited	DJM Securities Limited
Rafi Securities (Private) Limited	Chase Securities Pakistan (Private) Limited
Ismail Iqbal Securities (Private) Limited	JS Global Capital Limited
	Sherman Securities (Private) Limited

**26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE**

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

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

**27 ATTENDANCE AT MEETINGS OF THE 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			Meeting not attended
		Held	Attended	Leave granted	
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	-	-

**28 GENERAL**

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

**28.2** Figures have been rounded off to the nearest thousand Rupees.

**28.3** Units have been rounded off to the nearest decimal place.

**29 DATE OF AUTHORISATION FOR ISSUE**

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

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL** Cash Fund

## FUND INFORMATION

<b>NAME OF FUND</b>	<b>HBL Cash Fund</b>
<b>NAME OF AUDITORS</b>	<b>Yousuf Adil, Chartered Accountants</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Faysal Bank Limited Allied Bank Limited MCB Bank Limited Samba Bank Limited Zarai Taraqiati Bank Limited Soneri Bank Limited Sindh Bank Limited Dubai Islamic Bank of Pakistan National Bank of Pakistan</b>
<b>FUND RATING</b>	<b>AA+(f) (VIS)</b>



### Type and Category of Fund

Open end Money Market Fund

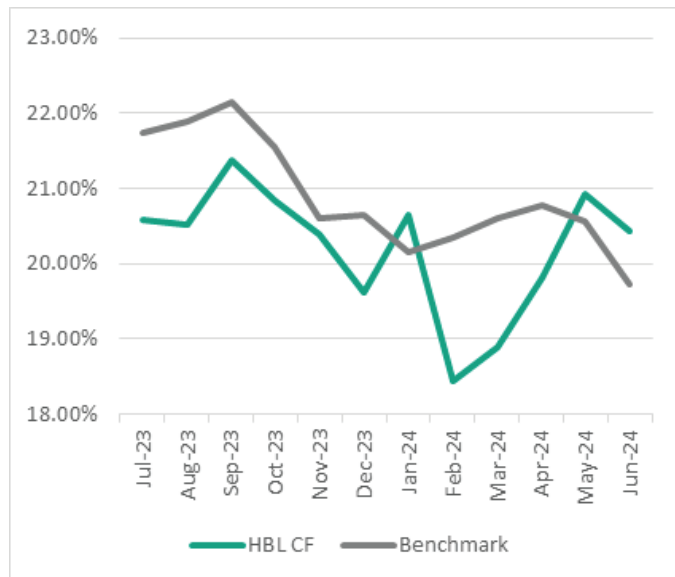
### Investment Objective and Accomplishment of Objective

The investment objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity. The Fund will aim to maximize returns through efficient utilization of investment and liquidity management tools. The investment objective is achieved.

### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is 70% (3Month PKRV) + 30% (3Month Avg. Deposit Rate of 3 AA rated Banks) as per MUFAP. The comparison of the fund return with benchmark is given below:

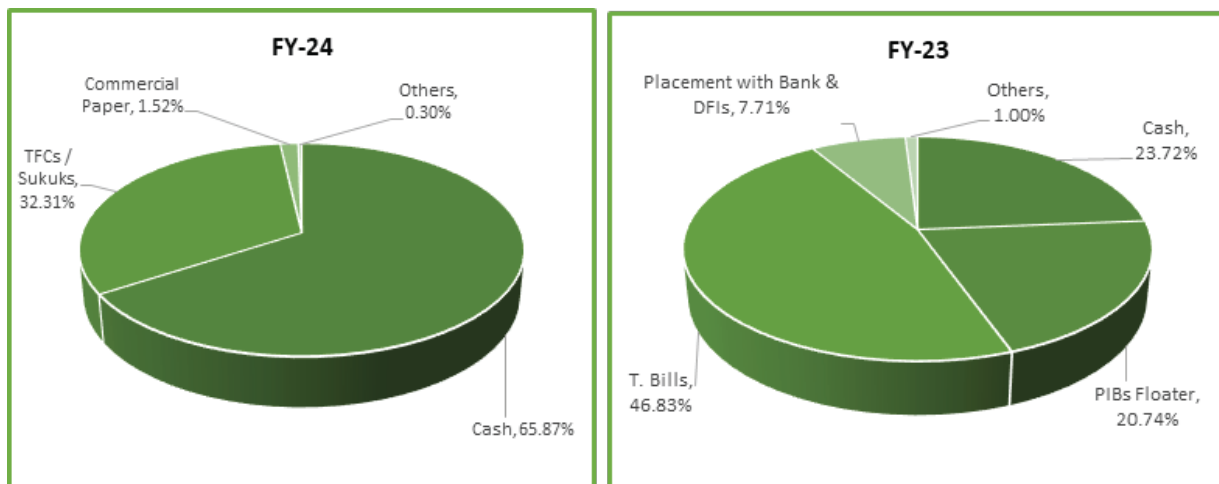
Month	HBL-CF	Benchmark
Jun-24	20.43%	19.73%
May-24	20.92%	20.55%
Apr-24	19.82%	20.77%
Mar-24	18.90%	20.60%
Feb-24	18.44%	20.34%
Jan-24	20.66%	20.16%
Dec-23	19.63%	20.65%
Nov-23	20.39%	20.62%
Oct-23	20.83%	21.55%
Sep-23	21.39%	22.15%
Aug-23	20.53%	21.89%
Jul-23	20.60%	21.74%



### Strategies and Policies employed during the Year

During the year, the fund was majorly placed with banks in the form of Daily Product Accounts (DPAs) which comprised 65.87% of total assets. Remaining investments were in short term T-bills and Commercial Papers at 32.31% and 1.52% of total assets, respectively. HBL Cash Fund posted an annualized return (YTD) of 20.21% against the benchmark return of 20.90% in FY24. In-line with its investment policy, the Fund held investments in short maturity T-Bills and placements with Banks in DPAs at attractive rates. The fund will continue to take advantage of high bank rates and enhance its allocation in short term T-bills.

### Asset Allocation



## Significant Changes in Asset Allocation during the Year

No major changes were made in asset allocation during the year due to nature of the fund. The investment in Government Securities was trimmed and the exposure was diverted towards Bank Deposits in June 2024. At the end of the year, 65.87%, 32.31% and 1.52% of the net assets were deployed in Cash, T-bills and commercial paper respectively.

## Fund Performance

The total income and net income of the Fund was Rs. 10.87 billion and Rs. 10.10 billion respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs 103.1573 per unit as on June 30, 2024 as compared to Rs 101.9926 per unit as on June 30, 2023, after incorporating dividends of Rs. 19.5403 per unit, thereby giving an annualized return of 22.20%. During the year the benchmark (70% 3M PKRV & 30% 3M deposit rates) return was 20.90%. The size of Fund was Rs 56.42 billion as on June 30, 2024 as compared to Rs. 50.34 billion at the start of the year.

## 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.

## Distribution

The Fund has distributed cash dividend up-to Rs. 19.5403 per unit for the year ended June 30, 2024.

## Significant Changes in the State of Affairs

There were no significant changes in state of affairs of the Fund.

#### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	676	16,538
101 – 500	256	58,503
501 – 1,000	84	61,274
1,001 – 10,000	453	2,210,675
10,001 – 100,000	644	24,215,532
100,001 – 500,000	266	63,326,020
500,001 – 1,000,000	51	35,978,017
1,000,001 – 5,000,000	59	114,816,780
5,000001 and more	28	306,283,147
<b>Total</b>	<b>2,517</b>	<b>546,966,486</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

# PERFORMANCE TABLE – HBL CASH FUND As at June 30, 2024

	2024	2023	2022	2021	2020	2019
Net assets at the period end (Rs'000)	56,423,575	50,338,816	36,066,308	26,539,411	17,975,752	8,808,923
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	103.1573	101.9926	101.3611	101.2227	101.1599	100.8886
Offer - Class C	103.1573	101.9926	101.3611	101.2227	101.1599	100.8886
Offer - Class D	104.3436	103.1451	102.5065	102.3665	102.3030	102.0286
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit - Class C	104.6730	103.1674	102.1124	102.5866	102.0921	104.3893
Lowest offer price per unit - Class C	101.9926	101.3611	101.2227	101.1599	100.8886	100.7521
Highest offer price per unit - Class D	105.8558	104.3332	103.3769	102.5866	103.2457	105.5689
Lowest offer price per unit - Class D	103.1451	102.5065	101.3227	101.1599	101.0330	101.8906
Highest redemption price per unit	104.6730	103.1674	102.1124	101.1599	102.0921	104.3893
Lowest redemption price per unit	101.9926	101.3611	101.2227	101.8332	100.8886	100.7521
<b>RETURN ( % )</b>						
Total return	22.20%	17.56%	10.97%	6.97%	12.86%	8.89%
Income distribution	19.16%	15.67%	10.44%	6.78%	12.00%	8.53%
Capital growth	3.04%	1.89%	0.53%	0.19%	0.86%	0.36%
<b>DISTRIBUTION</b>						
Date of Income Distribution						
Income Distribution (Rs. Per unit)						
Date of Income Distribution	7-Aug-23	10-Aug-22	6-Aug-21	6-Aug-20	01-Aug-19	
Income Distribution (Rs. Per unit)	2.1545	1.6445	0.7771	0.7298	1.1585	
Date of Income Distribution	18-Sep-23	05-Sep-22	03-Sep-21	03-Sep-20	02-Sep-19	
Income Distribution (Rs. Per unit)	2.4155	1.0143	0.9822	0.4954	1.0317	
Date of Income Distribution	16-Oct-23	10-Oct-22	08-Oct-21	01-Oct-20	01-Oct-19	
Income Distribution (Rs. Per unit)	1.6879	1.4745	0.7675	0.5295	1.0471	
Date of Income Distribution	13-Nov-23	07-Nov-22	05-Nov-21	05-Nov-20	03-Nov-19	
Income Distribution (Re. Per unit)	1.6078	1.1493	0.5907	0.6651	1.1689	
Date of Income Distribution	11-Dec-23	05-Dec-22	03-Dec-21	03-Dec-20	02-Dec-19	28-Dec-18
Income Distribution (Rs. Per unit)	1.4925	1.0082	0.5954	0.5039	0.9464	3.50
Date of Income Distribution	15-Jan-24	09-Jan-23	07-Jan-22	01-Jan-21	01-Jan-20	29-Jan-19
Income Distribution (Re. Per unit)	2.1124	1.4979	1.1016	0.5420	1.0760	0.9751
Date of Income Distribution	19-Feb-24	13-Feb-23	04-Feb-22	03-Feb-21	03-Feb-20	27-Feb-19
Income Distribution (Re. Per unit)	1.8189	1.5145	0.8326	0.6441	1.1608	0.7372
Date of Income Distribution	11-Mar-24	06-Mar-23	04-Mar-22	04-Mar-21	02-Mar-20	28-Mar-19
Income Distribution (Re. Per unit)	1.1476	0.8585	0.7582	0.5084	0.9473	0.7532
Date of Income Distribution	22-Apr-24	10-Apr-23	08-Apr-22	01-Apr-21	02-Apr-20	29-Apr-19
Income Distribution (Re. Per unit)	2.2556	1.8339	1.0850	0.5453	1.2980	0.8571
Date of Income Distribution	10-Jun-24	15-May-23	13-May-22	05-May-21	07-May-20	31-May-19
Income Distribution (Re. Per unit)	2.8476	1.9820	1.0988	0.6281	1.2349	0.9532
Date of Income Distribution		19-Jun-23	03-Jun-22	03-Jun-21	04-Jun-20	27-Jun-19
Income Distribution (Rs. Per unit)		1.9102	0.8574	0.5590	0.6173	0.75
Date of Income Distribution		-	27-Jun-22	24-Jun-21	18-Jun-20	
Income Distribution (Re. Per unit)		-	0.9967	0.4248	0.3172	
Total dividend distribution for the year/ period (Rs)	19.5403	15.8878	10.4432	6.7754	12.0041	8.5258
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	22.20%	17.56%	10.97%	6.97%	12.86%	8.89%
Average annual return 2 year	19.86%	14.22%	8.95%	9.88%	10.86%	7.17%
Average annual return 3 year	16.82%	11.75%	10.24%	9.54%	9.04%	7.17%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Net Assets as at 30 June:						
Bank Balances	65.87%	23.72%	90.82%	99.41%	55.88%	71.60%
T-Bills	32.31%	46.83%	1.32%	0.00%	40.01%	9.98%
Placement with Banks and DFIs	0.00%	7.71%	0.00%	0.00%	0.00%	4.05%
Commercial Paper	0.00%	0.00%	2.86%	0.00%	3.88%	13.26%
Corporate Sukuks / TFCs/PIB Floater	1.52%	20.74%	3.59%	0.00%	0.00%	0.00%
MTS / Spread Transactions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Others Including receivables	0.30%	1.00%	1.41%	0.59%	0.23%	1.11%
Weighted average portfolio duration (No. of days)	40	40	8	1	60	16

## Note:

The Launch date of the Fund is December 13, 2010

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL CASH FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Cash Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2024



## INDEPENDENT AUDITOR'S REPORT

### To the unit holders of HBL Cash Fund

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **HBL Cash 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 movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<b>Valuation and existence of investments</b>  As disclosed in note 6.1 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 19,180.715 million as at June 30, 2024, consisting of government securities, which represent significant item on the statement of assets and liabilities of the Fund.	We performed the following procedures during our audit of investments: <ul style="list-style-type: none"> <li>evaluated design and implementation of controls in place related to purchases and sales of investments;</li> <li>independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li> </ul>



Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited



S. No.	Key audit matter	How the matter was addressed in our audit
	We have identified the existence and valuation as the significant areas during our audit of investment.	<ul style="list-style-type: none"> <li>independently matched securities held by the Fund with the securities appearing in the Investor Portfolio Securities account statement;</li> <li>independently matched the number of listed GOP ijara sukuks held by the Fund with the Central Depository Company's Account Statement and check for reconciliation of the differences if any;</li> </ul>

#### Other Mater Paragraph

The annual financial statement of the Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants, whose audit report dated September 25, 2023, expressed an unmodified opinion respectively.

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

#### Responsibilities of Management Company and Board of Directors of the Management Company for the Financial Statements

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

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

  
Chartered Accountants

Place: Karachi

Date: September 27, 2024

UDIN: AR202410057Bg8wURAWK

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited



**HBL Cash Fund**  
**Statement of Assets and Liabilities**  
*As at June 30, 2024*

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	37,335,660	11,991,941
Investments	6	19,180,715	38,165,975
Profit / mark-up receivable	7	160,787	406,849
Advances, deposits and prepayments	8	1,254	1,253
TOTAL ASSETS		56,678,416	50,566,018
LIABILITIES			
Payable to the Management Company	9	67,923	72,175
Payable to the Trustee	10	2,524	2,555
Payable to Securities and Exchange Commission of Pakistan	11	3,038	8,050
Accrued expenses and other liabilities	12	181,356	144,422
TOTAL LIABILITIES		254,841	227,202
NET ASSETS		56,423,575	50,338,816
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		56,423,575	50,338,816
CONTINGENCIES AND COMMITMENTS			
	13	----- (Number of Units) -----	
NUMBER OF UNITS IN ISSUE	14	546,966,486	493,553,515
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		103.1573	101.9926

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

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

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

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

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

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>Income</b>			
Capital gain / (loss) on sale of investments - net		9,053	(84,510)
Income from government securities		8,306,174	4,762,119
Income from letter of placements		821,214	757,317
Income from corporate sukuk bonds		-	121,676
Mark-up on bank deposits		1,702,989	1,600,248
Unrealised gain on re-measurement of investments at 'fair value through profit or loss'	6.3	29,526	1,967
		<b>10,868,956</b>	<b>7,158,817</b>
<b>Expenses</b>			
Remuneration of the Management Company	9.1	457,002	278,253
Sindh Sales Tax on remuneration of the Management Company	9.2	59,410	36,173
Allocated Expenses	9.3	95,877	77,365
Selling and marketing expenses	9.4	80,021	77,365
Remuneration of the Trustee	10.1	27,642	22,137
Sindh Sales Tax on remuneration of the Trustee	10.2	3,593	2,878
Securities and Exchange Commission of Pakistan fee	11.1	37,600	8,050
Auditors' remuneration	15	713	509
Fees and subscription		516	224
Securities transaction costs and settlement charges		1,053	1,272
Bank charges		1,238	1,079
Printing charges		139	118
Total operating expenses		<b>764,804</b>	<b>505,423</b>
<b>Net Income for the year from operating activities</b>		<b>10,104,152</b>	<b>6,653,394</b>
Taxation	16	-	-
<b>Net income after taxation</b>		<b>10,104,152</b>	<b>6,653,394</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		10,104,152	6,653,394
Income already paid on redemption of units		(1,437,427)	(851,085)
		<b>8,666,725</b>	<b>5,802,309</b>
<b>Accounting income available for distribution:</b>			
Relating to capital gains		-	-
Excluding capital gains		8,666,725	5,802,309
		<b>8,666,725</b>	<b>5,802,309</b>
Earnings per unit	4.11		

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

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

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Cash Fund** **Statement of Comprehensive Income** *For the year ended June 30, 2024*

	June 30, 2024 ----- (Rupees in '000) -----	June 30, 2023 -----
Net income for the year after taxation	10,104,152	6,653,394
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>10,104,152</b>	<b>6,653,394</b>

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

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

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

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

\_\_\_\_\_  
Director

# HBL Cash Fund

## Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2024

Note	June 30,2024			June 30,2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in '000)						
Net assets at beginning of the year	49,912,401	426,415	50,338,816	35,913,953	152,355	36,066,308
Issuance of units 1,443,719,338 (2023: 1,523,727,312 units)						
Capital value (at net asset value per unit at the beginning of the year)	147,248,689	-	147,248,689	154,446,676	-	154,446,676
Element of income	1,032,480	-	1,032,480	1,041,580	-	1,041,580
Total proceeds on issuance of units	148,281,169	-	148,281,169	155,488,256	-	155,488,256
Redemption of units 1,390,306,367 (2023: 1,385,993,819 units)						
Capital value (at net asset value per unit at the beginning of the year)	(141,800,961)	-	(141,800,961)	(140,485,858)	-	(140,485,858)
Income already paid on redemption of units	-	(1,437,427)	(1,437,427)	-	(851,085)	(851,085)
Element of loss	(145,913)	-	(145,913)	(195,164)	-	(195,164)
Total payments on redemption of units	(141,946,874)	(1,437,427)	(143,384,301)	(140,681,022)	(851,085)	(141,532,108)
Total comprehensive income for the year	-	10,104,152	10,104,152	-	6,653,394	6,653,394
Distributions during the year	-	(8,112,367)	(8,112,367)	(808,785)	(5,528,249)	(6,337,034)
Refund of capital	(803,894)	-	(803,894)			
	(803,894)	1,991,786	1,187,892	(808,785)	1,125,145	316,360
Net assets at end of the year	55,442,801	980,773	56,423,575	49,912,401	426,415	50,338,816
Undistributed income brought forward						
Realised income	424,448			151,855		
Unrealised income	1,967			500		
	426,415			152,355		
Accounting income available for distribution						
Relating to capital (loss) / gain	-			-		
Excluding capital gains	8,666,725			5,802,309		
	8,666,725			5,802,309		
Distributions during the year:	(8,112,367)			(5,528,249)		
Undistributed income carried forward	980,774			426,415		
Undistributed income carried forward						
Realised income	951,247			424,448		
Unrealised income	29,526			1,967		
	980,774			426,415		
Net assets value per unit at beginning of the year		101.9926			101.3611	
Net assets value per unit at end of the year		103.1573			101.9926	

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

	June 30, 2024	June 30, 2023
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	10,104,152	6,653,394
Adjustments for:		
Capital gain / (loss) on sale of investment - net	(9,053)	84,510
Income from Government securities	(8,306,174)	(4,762,119)
Income from money market transactions and placements	(821,214)	(757,317)
Income from corporate sukuk bonds	-	(121,676)
Mark-up on bank deposits	(1,702,989)	(1,600,248)
Unrealised appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	(29,526)	(1,967)
	(764,804)	(505,423)
<b>(Increase) / decrease in assets</b>		
Investments - net	(1,452,080)	(12,105,935)
Advances, deposits and prepayments	(1)	(121)
	(1,452,081)	(12,106,056)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	(4,252)	55,452
Payable to the Trustee	(31)	1,018
Payable to Securities and Exchange Commission of Pakistan	(5,012)	1,911
Accrued expenses and other liabilities	36,934	62,793
	27,639	121,174
<b>Net cash generated from / (used in) operation</b>	(2,189,246)	(12,490,305)
Income received from Government securities	8,535,527	4,532,764
Income from letter of placements	830,894	747,637
Income received from corporate sukuk bonds	-	169,455
Mark-up received on bank deposits	1,710,018	1,899,142
	11,076,439	7,348,998
Net cash flows generated from / (used in) operating activities	8,887,193	(5,141,307)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	147,477,275	155,488,256
Payments against redemption of units	(143,384,301)	(141,532,108)
Dividend paid	(8,112,367)	(6,337,033)
Net cash (used in) / generated from financing activities	(4,019,393)	7,619,115
Net increase / (decrease) in cash and cash equivalents during the year	4,867,800	2,477,808
Cash and cash equivalents at the beginning of the year	35,768,252	33,290,444
Cash and cash equivalents at the end of the year	18 40,636,052	35,768,252

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

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

Chief Financial Officer

Chief Executive Officer

Director

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** HBL Cash Fund (the Fund) was established under a Trust Deed executed between HBL Asset Management Limited as the Management Company, and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/NBFC-II/DD/PCF/844/2010 dated November 11, 2010 and the Trust Deed was executed on October 22, 2010.
- 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 August 24, 2021, the above-mentioned Trust Deed had been registered under the Sindh Trust Act.
- 1.3** Effective from September 01, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.
- 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. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.5** The Fund is an open-ended money market scheme and is listed on Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par value of Rs. 100 per unit from December 11, 2010 to December 13, 2010. Thereafter, the units are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.6** The Fund has been categorised as a money market scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).
- 1.7** The core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.
- 1.8** VIS Credit Rating Agency has assigned a management quality rating of 'AM1' (Stable outlook) to the Management Company and a stability rating of AA+(f) to the Fund as dated January 02, 2024 and December 29, 2023, respectively.
- 1.9** 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**

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

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

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

## **2.2 Critical accounting estimates and judgments**

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

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

- (a) Classification and measurement of financial assets (notes 4.1.1.1 and 6)
- (b) Impairment of financial assets (note 4.1.1.3)
- (c) Provisions (note 4.3)
- (d) Classification and measurement of financial liabilities (note 4.1.2.1)
- (e) Contingencies and Commitments (Note 13)
- (f) Taxation (notes 4.4 and 16)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

## **2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees which is the Fund's functional and presentation currency.

#### **2.4 Basis of measurement**

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

### **3. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

#### **3.1 New amendments that are effective for the year ended June 30, 2024**

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

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates
- Amendments to IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

#### **3.2 Standard and amendments to IFRS that are not yet effective**

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



**Effective for accounting periods  
beginning on or after:**

Amendments to IFRS 16 'Leases'-Clarification on how 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 along with Non-current liabilities with Covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
- IFRS 1 – First Time Adoption of International Financial Reporting Standards	
- IFRS 18 – Presentation and Disclosures in Financial Statements.	
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures.	

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### **4.1 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

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

#### **4.1.1 Financial assets**

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

##### **4.1.1.1 Classification and measurement of financial assets**

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

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

##### **Financial assets at amortised cost (debt instruments)**

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

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

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

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

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

##### **4.1.1.2 Fair value measurement principles**

The fair value of financial instruments is determined as follows:

##### **Basis of valuation of government debt securities:**

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

**Basis of valuation of debt securities:**

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

"The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned Circulars after taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk."

**4.1.1.3 Impairment of financial assets**

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

**4.1.1.4 Derecognition**

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

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

#### **4.1.2 Financial liabilities**

##### **4.1.2.1 Classification and measurement of financial liabilities**

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

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

##### **4.1.2.2 Derecognition**

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

##### **4.1.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **4.2 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of **changes in value**.

#### **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 the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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 Dividend distribution and appropriations**

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end / reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

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

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

#### **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. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend 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 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.

#### **4.9 Revenue recognition**

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on re-measurement of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.

- Income / profit from investments in government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances and letter of placement is recognised on a time proportionate basis using bank's approved rates.

#### 4.10 Expenses

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

#### 4.11 Earnings per unit

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

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>5</b>	<b>BANK BALANCES</b>		
In current account		5	6
In saving accounts	5.1	37,335,655	11,991,935
		<u>37,335,660</u>	<u>11,991,941</u>

- 5.1** These bank accounts carry mark-up at rates ranging between 20.75% to 21.5% per annum (2023: 12% to 22.65%). This includes a balance held by Habib Bank Limited, a related party, amounting to Rs. 37,311 million (2023: Rs. 84.831 million) which carry markup at rates 21.15% per annum(2023:19.5%) per annum.

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>6.</b>	<b>INVESTMENTS</b>		
<b>Financial assets at fair value through profit or loss</b>			
Government Securities	6.1	19,180,715	34,265,975
Letter of Placement	6.2	-	3,900,000
		<u>19,180,715</u>	<u>38,165,975</u>

**6.1 Government securities:**

Market Treasury Bills	6.1.1	<b>18,311,201</b>	23,776,311
Pakistan Investment Bonds - Floating Rate bond	6.1.2	-	10,489,664
Pakistan Investment Bonds	6.1.3	-	-
Government of Pakistan (GOP) - (Ijara Sukuk-listed)	6.1.4	<b>869,514</b>	-
		<b>19,180,715</b>	<b>34,265,975</b>

**6.1.1 Financial assets at fair value through profit or loss - Market treasury bills**

Tenure	Issue Date	Face value				As at June 30, 2024		Unrealised gain / (Loss)	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchases made during the year	Sales / matured during the year	As at June 30, 2024	Carrying value	Market value			
Rupees in '000										
-----%										
Market Treasury Bills										
- 3 months	April 20, 2023	-	900,000	900,000	-	-	-	-	-	-
- 3 months	May 04, 2023	6,500,000	12,520,200	19,020,200	-	-	-	-	-	-
- 3 months	May 18, 2023	-	23,971,500	23,971,500	-	-	-	-	-	-
- 3 months	June 01, 2023	-	192,875,000	192,875,000	-	-	-	-	-	-
- 3 months	June 15, 2023	18,100,000	53,669,000	71,769,000	-	-	-	-	-	-
- 3 months	June 22, 2023	-	141,633,000	141,633,000	-	-	-	-	-	-
- 3 months	July 13, 2023	-	950,000	950,000	-	-	-	-	-	-
- 3 months	July 25, 2023	-	5,325,000	5,325,000	-	-	-	-	-	-
- 3 months	August 10, 2023	-	59,296,000	59,296,000	-	-	-	-	-	-
- 3 months	August 24, 2023	-	22,550,000	22,550,000	-	-	-	-	-	-
- 3 months	September 07, 2023	-	13,145,000	13,145,000	-	-	-	-	-	-
- 3 months	September 21, 2023	-	36,424,800	36,424,800	-	-	-	-	-	-
- 3 months	October 05, 2023	-	531,000	531,000	-	-	-	-	-	-
- 3 months	October 19, 2023	-	2,222,100	2,222,100	-	-	-	-	-	-
- 3 months	November 02, 2023	-	725,000	725,000	-	-	-	-	-	-
- 3 months	November 16, 2023	-	3,667,910	3,667,910	-	-	-	-	-	-
- 3 months	November 30, 2023	-	2,100,000	2,100,000	-	-	-	-	-	-
- 3 months	December 28, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
- 3 months	January 11, 2024	-	125,000	125,000	-	-	-	-	-	-
- 3 months	March 07, 2024	-	950,000	950,000	-	-	-	-	-	-
- 3 months	March 21, 2024	-	2,950,000	2,950,000	-	-	-	-	-	-
- 3 months	April 04, 2024	-	11,711,300	11,711,300	-	-	-	-	-	-
- 3 months	April 18, 2024	-	3,800,000	3,800,000	-	-	-	-	-	-
- 3 months*	May 02, 2024	-	2,462,000	-	2,462,000	2,428,582	2,429,242	660	4.31	12.67
- 3 months	May 16, 2024	-	500,000	500,000	-	-	-	-	-	-
- 3 months*	May 30, 2024	-	500,000	100,000	400,000	388,617	388,758	141	0.69	2.03
- 3 months*	June 13, 2024	-	500,000	-	500,000	482,725	482,392	(333)	0.85	2.51
- 6 months	March 27, 2023	-	7,322,000	7,322,000	-	-	-	-	-	-
- 6 months	October 19, 2023	-	19,600,000	19,600,000	-	-	-	-	-	-
- 6 months	November 02, 2023	-	9,191,000	9,191,000	-	-	-	-	-	-
- 6 months	November 16, 2023	-	11,550,000	11,550,000	-	-	-	-	-	-
- 6 months	November 30, 2023	-	4,788,000	4,788,000	-	-	-	-	-	-
- 6 months	January 11, 2024	-	125,000	125,000	-	-	-	-	-	-
- 6 months*	April 18, 2024	-	1,289,500	-	1,289,500	1,215,784	1,217,005	1,221	2.16	6.34
- 6 months*	May 30, 2024	-	500,000	-	500,000	461,174	461,894	720	0.82	2.41
- 6 months*	June 13, 2024	-	500,000	-	500,000	459,276	458,777	(499)	0.81	2.39
- 12 months	August 25, 2022	-	21,375,000	21,375,000	-	-	-	-	-	-
- 12 months	March 27, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
- 12 months	April 06, 2023	-	1,080,000	1,080,000	-	-	-	-	-	-
- 12 months	June 15, 2023	-	1,500,000	1,500,000	-	-	-	-	-	-
- 12 months	July 13, 2023	-	20,171,000	20,171,000	-	-	-	-	-	-
- 12 months*	October 05, 2023	-	160,000	-	160,000	152,276	152,160	(116)	0.27	0.79
- 12 months*	October 19, 2023	-	8,805,000	-	8,805,000	8,292,931	8,309,985	17,054	14.73	43.32
- 12 months*	November 02, 2023	-	4,600,000	-	4,600,000	4,303,656	4,308,671	5,015	7.64	22.46
- 12 months*	November 16, 2023	-	110,000	-	110,000	102,298	102,317	19	0.18	0.53
Total - as at June 30, 2024						18,287,319	18,311,201	23,882		
Total - as at June 30, 2023						23,781,152	23,776,311	(4,841)		

\* These carrying effective yield ranging from 19.93% to 21.66% (2023: 21.40% to 22.49%) per annum.

# HBL Cash Fund

## Notes to the financial statements

For the year ended June 30, 2024

6.1.2

Pakistan investment bonds- Floating Rate Bond

Issue date	Tenure	Face value				As at 30 June, 2024		Unrealised gain / (Loss)	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchases during the year	Sales/Matured during the year	As at June 30, 2024	Carrying value	Market value			
Rupees in '000										
Pakistan investment bonds- 2 Years	August 26, 2021	10,015,000	-	10,015,000	-	-	-	-	-	-
Pakistan investment bonds- 2 Years	September 8, 2022	-	200,000	200,000	-	-	-	-	-	-
Pakistan investment bonds- 2 Years	December 30, 2021	-	29,465,000	29,465,000	-	-	-	-	-	-
Pakistan investment bonds- 3 Years	October 7, 2021	-	2,200,000	2,200,000	-	-	-	-	-	-
Pakistan investment bonds- 3 Years	October 22, 2020	500,000	2,500,000	3,000,000	-	-	-	-	-	-
Total - as at June 30, 2024						-	-	-		
Total - as at June 30, 2023						10,482,856	10,489,664	6,808		

These carrying effective yield ranging from Nil (2023: 22.05% to 23.37%) per annum.

6.1.3

Pakistan investment bonds - Fixed

Issue date	Tenure	Face value				As at 30 June, 2024		Unrealised gain / (Loss)	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchases during the year	Sales/Matured during the year	As at June 30, 2024	Carrying value	Market value			
Rupees in '000-----%										
Pakistan investment bonds- 10 Years	July 17, 2014	-	10,000,000	10,000,000	-	-	-	-	-	-
Total - as at June 30, 2024						-	-	-		
Total - as at June 30, 2023						-	-	-		

6.1.4

Government of Pakistan (GOP) - (Ijara Sukuk-listed)

Tenure	Issue date	Face value				As at June 30, 2024		Unrealised gain / (Loss)	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchases made during the year	Sales / matured during the year	As at June 30, 2024	Carrying value	Market value			
Rupees in '000										
Listed GOP Ijara Sukuk										
GOP Ijara Sukuk - 1 year (Fixed)	April 26, 2024		1,000,000	-	1,000,000	863,870	869,514	5,644	1.54	4.53
Total - as at June 30, 2024						863,870	869,514	5,644		
Total - as at June 30, 2023						-	-	-		

6.1.4.1

The GOP ijara Sukuk carry effective yield of 19.99% (2023: Nil) per annum.

6.2

Letter of placements

Name of Investee company	Profit Rate	Issue date	As at July 01, 2023	Face value			As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
				Purchase during the year	Matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain / (loss)		
%				(Rupees in '000)						%	
Bank Alfalah Limited	22.65	July 01, 2023	3,900,000	-	3,900,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	22.00	July 06, 2023	-	4,500,000	4,500,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	22.00	July 06, 2023	-	4,000,000	4,000,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.90	July 10, 2023	-	5,100,000	5,100,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.70	July 11, 2023	-	750,000	750,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.70	July 11, 2023	-	3,300,000	3,300,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.50	July 13, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
Saudi Pak Industrial And Agricultural Investment Company Limited	21.85	July 14, 2023	-	930,000	930,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.40	July 17, 2023	-	1,400,000	1,400,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.50	July 17, 2023	-	5,300,000	5,300,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.35	August 04, 2023	-	5,300,000	5,300,000	-	-	-	-	-	-
Saudi Pak Industrial And Agricultural Investment Company Limited	21.30	August 04, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.10	August 07, 2023	-	1,300,000	1,300,000	-	-	-	-	-	-



# HBL Cash Fund

## Notes to the financial statements

For the year ended June 30, 2024

Name of Investee company	Profit Rate	Issue date	As at July 01, 2023	Face value			As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
				Purchase during the year	Matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain / (loss)		
	%			(Rupees in '000)						%	
Pak Brunei Investment Company Limited	21.20	August 08, 2023	-	1,500,000	1,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.20	August 08, 2023	-	1,500,000	1,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.20	August 09, 2023	-	1,500,871	1,500,871	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.20	August 09, 2023	-	1,500,871	1,500,871	-	-	-	-	-	-
Pak Brunei Investment Company Limited	22.00	August 10, 2023	-	1,300,000	1,300,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	22.00	August 10, 2023	-	4,000,000	4,000,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.15	August 11, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.70	August 15, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.60	August 15, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.60	September 07, 2023	-	5,600,000	5,600,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.10	September 07, 2023	-	5,600,000	5,600,000	-	-	-	-	-	-
Saudi Pak Industrial And Agricultural Investment Company Limited	21.20	September 08, 2023	-	1,900,000	1,900,000	-	-	-	-	-	-
Saudi Pak Industrial And Agricultural Investment Company Limited	21.20	September 08, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.15	September 08, 2023	-	5,600,000	5,600,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.20	September 08, 2023	-	2,500,000	2,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.20	September 08, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.45	September 15, 2023	-	5,500,000	5,500,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.50	September 21, 2023	-	4,500,000	4,500,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	22.45	October 11, 2023	-	2,500,000	2,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	22.45	October 11, 2023	-	2,500,000	2,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	22.45	October 11, 2023	-	2,500,000	2,500,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	22.55	October 12, 2023	-	5,000,000	5,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	22.50	October 12, 2023	-	5,000,000	5,000,000	-	-	-	-	-	-
Saudi Pak Industrial And Agricultural Investment Company Limited	21.80	October 20, 2023	-	1,400,000	1,400,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.85	November 06, 2023	-	3,000,000	3,000,000	-	-	-	-	-	-
Pak Kuwait	21.50	November 06, 2023	-	1,400,000	1,400,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.55	November 20, 2023	-	500,000	500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.60	December 07, 2023	-	400,000	400,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.40	December 22, 2023	-	5,000,000	5,000,000	-	-	-	-	-	-

Name of Investee company	Profit Rate	Issue date	As at July 01, 2023	Face value			As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
				Purchase during the year	Matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain / (loss)		
	%			(Rupees in '000)						%	
Faysal Bank Limited.	21.50	December 22, 2023	-	5,050,000	5,050,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	22.90	December 28, 2023	-	3,400,000	3,400,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.00	January 15, 2024	-	4,200,000	4,200,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	20.90	January 15, 2024	-	500,000	500,000	-	-	-	-	-	-
Saudi Pak Industrial And Agricultural Investment Company Limited	21.00	January 16, 2024	-	1,000,000	1,000,000	-	-	-	-	-	-
Saudi Pak Industrial And Agricultural Investment Company Limited	21.00	January 16, 2024	-	365,000	365,000	-	-	-	-	-	-
Allied Bank Limited	21.00	January 17, 2024	-	1,000,000	1,000,000	-	-	-	-	-	-
Allied Bank Limited	21.00	January 18, 2024	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.10	January 26, 2024	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.50	January 29, 2024	-	875,000	875,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.35	January 30, 2024	-	2,125,000	2,125,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.50	February 01, 2024	-	1,245,000	1,245,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.25	February 06, 2024	-	2,000,000	2,000,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.25	February 06, 2024	-	1,050,000	1,050,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.35	February 06, 2024	-	1,365,000	1,365,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.30	February 06, 2024	-	350,000	350,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.50	February 09, 2024	-	800,000	800,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	21.25	February 15, 2024	-	4,000,000	4,000,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	21.95	February 20, 2024	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Kuwait Investment Company Limited.	21.25	March 01, 2024	-	4,500,000	4,500,000	-	-	-	-	-	-
Pak Oman Investment Company (Private) Limited.	21.30	March 01, 2024	-	3,900,000	3,900,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.40	March 01, 2024	-	1,500,000	1,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.30	March 15, 2024	-	1,500,000	1,500,000	-	-	-	-	-	-
Pak Oman Investment Company (Private) Limited.	21.20	March 15, 2024	-	4,200,000	4,200,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.20	March 15, 2024	-	4,500,000	4,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.50	March 21, 2024	-	600,000	600,000	-	-	-	-	-	-
Pak Oman Investment Company (Private) Limited.	21.70	April 15, 2024	-	4,500,000	4,500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.30	April 15, 2024	-	2,000,000	2,000,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.70	April 16, 2024	-	600,000	600,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.30	April 16, 2024	-	1,200,000	1,200,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.40	April 17, 2024	-	700,000	700,000	-	-	-	-	-	-
Saudi Pak Industrial And Agricultural Investment Company Limited	21.70	April 18, 2024	-	1,800,000	1,800,000	-	-	-	-	-	-
Pak Oman Investment Company (Private) Limited.	22.00	April 30, 2024	-	1,700,000	1,700,000	-	-	-	-	-	-
Pak Oman Investment Company (Private) Limited.	22.00	May 03, 2024	-	400,000	400,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	21.75	May 29, 2024	-	500,000	500,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited.	22.00	May 31, 2024	-	800,000	800,000	-	-	-	-	-	-
Pak Oman Investment Company (Private) Limited.	20.55	June 13, 2024	-	1,000,000	1,000,000	-	-	-	-	-	-
Pak Oman Investment Company (Private) Limited.	20.55	June 13, 2024	-	1,000,000	1,000,000	-	-	-	-	-	-
<b>Total - as at June 30, 2024</b>							-	-			
<b>Total - as at June 30, 2023</b>							-	-			

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>6.3</b>	<b>Net unrealised gain on re-measurement of investments at fair value through profit or loss</b>		
Market value of investments	6.1.1, 6.1.4	<b>19,180,715</b>	38,165,975
Less: Carrying value of investments	6.1.1, 6.1.4	<b>(19,151,189)</b>	(38,164,008)
		<b>29,526</b>	1,967
<b>7.</b>	<b>PROFIT / MARK-UP RECEIVABLE</b>		
Profit / mark-up receivable on			
Bank deposits	7.1	<b>160,787</b>	167,816
Letter of placement		-	9,680
Pakistan Investment Bond		-	229,353
		<b>160,787</b>	406,849
<b>7.1</b>	These include a markup receivable from Habib Bank Limited, a related party, amounting to Rs. 160.146 million (2023: Rs. 2.50 million).		
<b>8</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Security deposits with Central Depository Company of Pakistan Limited		<b>100</b>	100
Prepaid rating fee		<b>122</b>	121
Advance tax	8.1	<b>1,032</b>	1,032
		<b>1,254</b>	1,253
<b>8.1</b>	The income of the Fund is exempt from tax under Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.		
	The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application. Refund has been filed uptill tax year 2021.		
<b>9.</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
Remuneration payable to the Management Company	9.1	<b>46,703</b>	33,305
Sindh Sales Tax payable on Management Company's remuneration	9.2	<b>6,071</b>	4,330
Allocated Expense	9.3	-	7,401
Sales load payable		<b>1,493</b>	1,836
Selling and marketing expense payable	9.4	<b>13,656</b>	25,303
		<b>67,923</b>	72,175

- 9.1** As per the amendment in Regulation 61 of the NBFC Regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the offering document is 1.5% per annum of average annual net assets. During the year, the fee is being charged at the rate ranging from 0.81% to 1.15% of the average annual net assets accordingly. The fee is payable monthly in arrears
- 9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2023: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.
- 9.3** As per Regulation 60(3) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate ranging between 0.18% to 0.51% of the average annual net assets accordingly
- 9.4** As per Regulation 60(3) of NBFC Regulations, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds with no cap. During the year, the fee is being charged at the rate ranging between 0.06% to 0.24% of the average annual net assets accordingly

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>10. PAYABLE TO THE TRUSTEE</b>			
Trustee fee payable	10.1	2,234	2,261
Sindh Sales Tax payable on remuneration of the Trustee	10.2	290	294
		<u>2,524</u>	<u>2,555</u>

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund of 0.0550% per annum of Net Assets under the provisions of the Trust Deed and tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee on monthly in arrears.
- 10.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
SECP fee payable	11.1	3,038	8,050

- 11.1** "In accordance with the Regulation 62 of NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of CIS calculated on daily basis.

Effective as of July 01, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.075% and introduced a shift in payment frequency, from annual to monthly basis."

		June 30, 2024	June 30, 2023
	Note	----- Rupees in '000 -----	
<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Federal Excise Duty	12.1	7,528	7,528
Withholding tax payable		172,483	135,736
Auditors' remuneration		437	270
Brokerage payable		383	669
Legal charges payable		150	-
Zakat payable		375	219
		<u>181,356</u>	<u>144,422</u>

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

On September 04, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, being prudent, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 7.528 million (2023: Rs. 7.528 million). 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 Re. 0.0138 per unit (2023: Re. 0.0152 per unit).

### 13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 and June 30, 2023.

		June 30, 2024	June 30, 2023
		----Number of Units----	
<b>14. NUMBER OF UNITS IN ISSUE</b>			
Total units in issue at the beginning of the year		493,553,515	355,820,022
Add: Units issued during the year		1,443,719,338	1,523,727,312
Less: Units redeemed during the year		(1,390,306,367)	(1,385,993,819)
Total units in issue at the end of the year		<u>546,966,486</u>	<u>493,553,515</u>
		June 30, 2024	June 30, 2023
		----Rupees in '000----	
<b>15. AUDITORS' REMUNERATION</b>			
Annual audit fee		383	242
Fee for half yearly review		158	121
Other certifications and out of pocket expenses		119	108
		<u>660</u>	<u>471</u>
Sales Tax		53	38
		<u>713</u>	<u>509</u>

**16. TAXATION**

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

**17. TOTAL EXPENSE RATIO**

The total annualised expense ratio (TER) of the Fund for the year ended June 30, 2024 1.53% (2023: 1.26%) which includes 0.21% (2023: 0.12%) representing Government levies and the SECP Fee, therefore TER excluding Government levies and SECP fee is 1.32%. The prescribed limit for the ratio excluding government levies is 2% (2023: 2%) under the NBFC Regulations for a collective investment scheme categorised as an 'Money Market scheme'.

		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
<b>18. CASH AND CASH EQUIVALENTS</b>			
Bank balances	5	37,335,660	11,991,941
Market Treasury Bills - 3 months	6.1.1	3,300,392	23,776,311
		<b>40,636,052</b>	<b>35,768,252</b>

**19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS**

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

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

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

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

Details of the transactions with connected persons and balances with them are as follows:

	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
<b>19.1 Details of transactions with related parties / connected persons during the year:</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	457,002	278,253
Sindh Sales Tax on remuneration of the Management company	59,410	36,173
Sales load	1,493	20,504
Allocated Expenses	95,877	77,365
Selling and marketing expense	80,021	77,365
Issue of 9,830,891 units (2023: 7,299,950 units)	1,011,000	746,736
Redemption of 10,769,228 units (2023: 6,684,483 units)	1,108,000	677,547
Dividend paid	37,758	23,457
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	27,642	22,137
Sindh Sales Tax on remuneration of the Trustee	3,593	2,878
CDC service charges	7	9
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	1,238	1,076
Mark-up on savings accounts	1,022,822	146,149
Purchase of Pakistan Investment Bonds having face value of Rs. 9,800,000,000	9,661,561	25,093,064
Sale of Pakistan Investment Bonds having face value of Rs. 11,800,000,000	11,610,681	26,106,747
Purchase of Market Treasury Bills having face value of Rs. 79,413,910,000	77,555,895	127,917,228
Sale of Market Treasury Bills having face value of Rs. 92,833,300,000	91,152,810	126,032,580
<b>Directors and Executives of the Management Company</b>		
Issuance of 861,535 units (2023: 893,774 units)	88,639	91,164
Redemption of 939,103 units (2023: 304,999 units)	96,771	82,419
Dividend paid	680	1,790
<b>DCCL Trustee HBL Financial Planning Fund Active Allocation Plan - Fund under common management</b>		
Issuance of 201,364 units (2023: 697,193 units)	20,836	71,108
Redemption of 212,341 units (2023: 697,193 units)	21,680	71,005
Dividend paid	1,140	5,100
<b>DCCL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
Issuance of 11,165 units (2023: 43,062 units)	1,156	4,440
Redemption 57,132 units (2023: 1,670 units)	170	170
Dividend paid	398	238
<b>HBL Asset Management Limited - Employee Gratuity Fund - Associate</b>		
Issuance of 252,788 units (2023: 43,062 units)	26,100	5,210
Redemption of 211,952 units (2023: Nil)	21,850	-
Dividend paid	3,637	510
<b>HBL Asset Management Limited - Employee Provident Fund - Associate</b>		
Issuance of units 538,401 units (2023: 173,852)	55,500	17,737
Redemption of 508,698 units (2023: Nil)	52,400	
Dividend paid	7,604	1,737
<b>1 LINK (Private) Limited - Connected person due to holding of more than 10% units</b>		
Issuance of units 9,600,801 units (2023: Nil)	1,002,975	-
Redemption of 6,096,909 units (2023: Nil)	629,039	
Dividend paid	121,561	

	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
<b>Fauji Fertilizers Company Limited - Connected person due to holding of more than 10% units</b>		
Issuance of Nil (2023: 471,722,737 units)	-	48,135
Redemption of Nil (2023: 458,548,609 units)	-	46,774
Dividend paid	-	5,771
<b>TAAVUN (PRIVATE) LIMITED - Connected person due to holding of more than 10% units</b>		
Dividen paid	168,976	-
<b>Amjad Maqsood - Connected person due to holding of more than 10% units</b>		
Redemption of 1,953 units (2023: Nil)	200,000	
Dividend paid	136	
<b>Qadeer Baig - Connected person due to holding of more than 10% units</b>		
Dividend paid	258	
<b>Mutual Funds Association of Pakistan - Due to Common Directorship</b>		
Issuance of 136,124 units (2023: 2,777 units)	14,000	282
Redemption of 62,252 units (2023: 54,336 units)	6,440	5,512
Dividend paid	834	331
<b>Pakistan Petroleum Limited - Due to Common Directorship</b>		
Issuance of Nil (2023: 46,954,297 units)	-	4,816,995
Redemption of 38,679,206 units (2023: 9,707,152 units)	983,928	983,928
Dividend paid	171,835	189,820
<b>Jubilee Life Insurance Company Limited - Common Directorship</b>		
Purchase of Market Treasury Bills	1,819,434	-
<b>CDC Trustee HBL Financial Sector Income Fund - Connected Party</b>		
Purchase of Pakistan Investment Bonds	-	498,378
<b>CDC Trustee HBL Government Securities Fund</b>		
Purchase of Market Treasury Bills	1,405,901	-
Sale of Market Treasury Bills	246,077	-
Purchase of Pakistan Investement Bond		199,846
<b>HBL Micro Finance Bank Limited</b>		
Sale of Market Treasury Bills	198,937	-
<b>CDC Trustee HBL Income Fund - Connected Party</b>		
Purchase of Pakistan Investment Bonds	-	64,950
Sale of Market Treasury Bills	-	87,157
<b>CDC Trustee HBL Pension Fund - Debt Sub Fund-Connected Party</b>		
Purchase of Pakistan Investment Bonds	-	49,961
<b>CDC Trustee HBL Total Treasury Exchange Traded Fund - Connected Party</b>		
Purchase of Market Treasury Bills	-	550,000
Sale of Market Treasury Bills	-	19,683
<b>CDC Trustee HBL Multi Asset Fund - Connected Party</b>		
Purchase of Market Treasury Bills	-	24,732
<b>CDC Trustee HBL Stock Fund - Connected Party</b>		
Purchase of Market Treasury Bills	-	24,732

	June 30, 2024	June 30, 2023
	----- Rupees in '000 -----	
<b>CDC Trustee HBL Growth Fund - Connected Party</b>		
Purchase of Market Treasury Bills	-	34,625
<b>CDC Trustee HBL Equity Fund - Connected Party</b>		
Purchase of Market Treasury Bills	-	15,000
<b>CDC Trustee HBL Money Market Fund - Connected Party</b>		
Purchase of Corporate Sukuk Bonds	-	302,555
Purchase of Market Treasury Bills	2,625,000	2,340,808
Sale of Market Treasury Bills	2,000,000	3,031,102
<b>19.2 Balances outstanding as at the year end</b>		
<b>HBL Asset Management Limited</b>		
Remuneration payable to the Management Company	46,703	33,305
Sindh Sales Tax payable on Management Company's remuneration	6,071	4,330
Allocated Expenses	-	7,401
Sales load payable	1,493	1,836
Selling and marketing expense payable	13,656	25,303
Units held: 3,988 units (2023:615,467 units)	411	62,773
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable (including sales tax)	2,524	2,555
Security deposit held	100	100
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	37,310,611	84,841
Profit / mark-up receivable	160,147	2,050
<b>Directors and Executives of the Management Company</b>		
Units held: 79,767 units (2023: 165,046 units)	8,229	16,833
<b>DCCL Trustee HBL Financial Planning Fund Conservative Allocation Plan - Fund under common management</b>		
Units held: Nil (2023: 42,068 units)	-	4,291
<b>HBL Asset Management Limited - Employee Gratuity Fund - Associate</b>		
Units held: 127,561 units (2023: 51,069 units)	13,159	5,209
<b>HBL Asset Management Limited - Employee Provident Fund - Associate</b>		
Units held: 278,105 (2023: 173,852 units)	28,689	17,732
<b>Fauji Fertilizers Company Limited - Connected person due to holding of more than 10% units</b>		
Units held: 6,389 units (2023: 72,694,344)	659	7,414,285
<b>1 LINK (Private) Limited - Connected person due to holding of more than 10% units</b>		
Units held: 9,833,720 units (2023: Nil)	1,012,657	-
<b>Mutual Funds Association of Pakistan - Due to Common Directorship</b>		
Units held: 80,992 units (2023: Nil)	8,355	-
<b>Pakistan Petroleum Limited - Due to Common Directorship</b>		
Units held: Nil (2023: 37,247,145 units)	-	3,798,933



## 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Particulars	As at June 30, 2024						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>Financial assets</b>							
Investments at fair value through profit and loss - net							
Government Securities	19,180,715	-	19,180,715	869,514	18,311,201	-	19,180,715
<b>Financial assets not measured at fair value</b>							
Bank balances	-	37,335,660	37,335,660				
Profit / mark-up receivable	-	160,787	160,787				
Deposits	-	100	100				
	-	37,496,547	37,496,547				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	61,852	61,852				
Payable to the Trustee	-	2,234	2,234				
Accrued expenses and other liabilities	-	938	938				
	-	65,024	65,024				

Particulars	As at June 30, 2023						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
Financial assets							
Investments at fair value through profit and loss - net							
Government Securities	34,265,975	-	34,265,975	-	34,265,975	-	34,265,975
Letter of placement	-	3,900,000	3,900,000	-	-	3,900,000	3,900,000
	34,265,975	3,900,000	38,165,975	-	34,265,975	3,900,000	38,165,975
Financial assets not measured at fair value							
Bank balances	-	11,991,941	11,991,941				
Profit / mark-up receivable	-	406,849	406,849				
Deposits	-	100	100				
	-	12,398,890	12,398,890				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	67,845	67,845				
Payable to the Trustee	-	2,261	2,261				
Accrued expenses and other liabilities	-	919	919				
	-	71,025	71,025				

## 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 Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and other price risk), credit risk and liquidity risk. Risks of the Fund are being managed by the Management Company in accordance with the approved policies of the Investment Committee which provide broad guidelines for management of above mentioned risks. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework."

### 21.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors of Management Company and the regulations laid down by the SECP, the NBFC regulations and the NBFC Rules.

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

#### 21.1.1 Currency risk

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

#### 21.1.2 Yield / interest rate risk

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on bank balances and government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2024 details of Fund's interest bearing financial instruments were as follows:

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
<b>Variable rate instrument (financial asset)</b>		
Bank balances	<b>37,335,655</b>	11,991,935
<b>Fixed rate instrument (financial asset)</b>		
Government securities	<b>19,180,715</b>	34,265,975
Letter of Placement	-	3,900,000
	<b>19,180,715</b>	38,165,975

**a) Sensitivity analysis for variable rate instruments**

As at June 30, 2024, the Fund holds KIBOR based bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs. 373 million (2023: Rs. 120 million).

**b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2024, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Markets Association of Pakistan FMAP on June 30, 2024, the net income for the year and net assets would be lower / higher by Rs. 191,807 million (2023: Rs. 381,660 million).

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

As at June 30, 2024						
Yield / effective interest rate	Exposed to yield / interest risk				Total	
	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk		
----- % -----	----- Rupees in '000 -----					
On-balance sheet financial instruments						
Financial Assets						
Bank Balances	20.75 to 21.5	37,335,655	-	-	5	37,335,660
Investments						
-Government securities	19.93 to 21.66	3,300,392	15,880,323	-	-	19,180,715
Profit receivable		-	-	-	160,787	160,787
Deposits		-	-	-	100	100
		40,636,047	15,880,323	-	160,892	56,677,262
Financial Liabilities						
Payable to Management Company		-	-	-	61,852	61,852
Payable to Trustee		-	-	-	2,234	2,234
Accrued expenses and other liabilities		-	-	-	938	938
		-	-	-	65,024	65,024

As at June 30, 2024					
Yield / effective interest rate	Exposed to yield / interest risk				Total
	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	

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

On-balance sheet gap	40,636,047	15,880,323	-	
Total interest rate sensitivity gap	40,636,047	15,880,323	-	
Cumulative interest rate sensitivity gap	40,636,047	56,516,370	56,516,370	

As at June 30, 2023					
Yield / effective interest rate	Exposed to yield / interest risk				Total
	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	

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

#### On-balance sheet financial instruments

##### Financial assets

Bank balances	12 to 22.65	11,991,935	-	-	6	11,991,941
Investments			-	-	-	-
-Government securities	22.49 to 23.37	33,767,275	498,700	-	-	34,265,975
-Letter of placement	23.65	3,900,000	-	-	-	3,900,000
Profit receivable		-	-	-	406,849	406,849
Deposits		-	-	-	100	100
		49,659,210	498,700	-	406,955	50,564,865

##### Financial liabilities

Payable to Management Company		-	-	-	67,845	67,845
Payable to Trustee		-	-	-	2,261	2,261
Accrued expenses and other liabilities		-	-	-	919	919
		-	-	-	71,025	71,025

On-balance sheet gap	49,659,210	498,700	-	
Total interest rate sensitivity gap	49,659,210	498,700	-	
Cumulative interest rate sensitivity gap	49,659,210	50,157,910	50,157,910	

### 21.1.3 Price risk

Price 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 (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

### 21.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on bank balances and other financial assets at amortised cost. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from bank balances and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2024		June 30, 2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000				
Bank balances	37,335,660	37,335,660	11,991,941	11,991,941
Investments	19,180,715	-	38,165,975	-
Profit receivable	160,787	160,787	406,849	177,496
Security deposit	100	100	100	100
	<b>56,677,262</b>	<b>37,496,547</b>	<b>50,564,865</b>	<b>12,169,537</b>

**21.2.1** The analysis below summarises the credit quality of the Fund's bank balances and Investments as at June 30, 2024 and June 30, 2023:

Name of bank / institutions	Balances held by the Fund as at June 30, 2024	Latest available published rating as at June 30, 2023	Rating agency
(Rupees in '000)			
<b>Balances with banks by rating category</b>			
Bank Al Habib Limited	8,184	A-1+	PACRA
Habib Metropolitan Bank Limited	16,333	A-1+	PACRA
Habib Bank Limited	37,310,611	A-1+	VIS
Allied Bank Limited	85	A-1+	PACRA
Dubai Islamic Bank Pakistan Limited	46	A-1+	VIS
Samba Bank Limited	15	A-1	PACRA
Zarai Taraqiati Bank Limited	65	A-1+	VIS
MCB Bank Limited	76	A-1+	PACRA
Sindh Bank Limited	27	A-1+	VIS
Faysal Bank Limited	205	A-1+	VIS
National Bank of Pakistan	13	A-1+	PACRA
	<b>37,335,660</b>		

Name of bank / institutions	Balances held by the Fund as at June 30, 2023	Latest available published rating as at June 30, 2023	Rating agency
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Balances with banks by rating category

Bank Alfalah Limited	11,895,914	A-1+	PACRA
Bank Al Habib Limited	10,648	A-1+	PACRA
Habib Metropolitan Bank Limited	78	A-1+	PACRA
Habib Bank Limited	84,841	A-1+	VIS
Allied Bank Limited	72	A-1+	PACRA
Dubai Islamic Bank Limited	46	A-1+	VIS
Samba Bank Limited	12	A-1	VIS
Zarai Taraqiat Bank Limited	53	A-1+	VIS
MCB Bank Limited	62	A-1+	PACRA
Sindh Bank Limited	23	A-1	VIS
Faysal Bank Limited	67	A-1+	VIS
Soneri Bank Limited	114	A-1+	PACRA
National Bank of Pakistan	11	A-1+	PACRA
	<u>11,991,941</u>		

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

	June 30, 2024	June 30, 2023
	----- (Percentage) -----	
<b>Rating by rating category</b>		
A-1+	<u>100.00</u>	<u>100.00</u>

**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 government securities and bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

**21.3 Settlement risk**

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery.

## 21.4 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. 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 applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

The table below analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

June 30, 2024					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
Rupees in '000					
<b>Financial assets</b>					
Bank balances	37,335,660	-	-	-	37,335,660
Investments	-	3,300,392	15,880,323	-	19,180,715
Profit receivable	160,787	-	-	-	160,787
Deposits	100	-	-	-	100
	<b>37,496,547</b>	<b>3,300,392</b>	<b>15,880,323</b>	<b>-</b>	<b>56,677,262</b>
<b>Financial liabilities</b>					
Payable to Management Company	61,852	-	-	-	61,852
Payable to Trustee	2,234	-	-	-	2,234
Accrued expenses and other liabilities	938	-	-	-	938
	<b>65,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,024</b>
<b>On-balance sheet gap</b>	<b>37,431,523</b>	<b>3,300,392</b>	<b>15,880,323</b>	<b>-</b>	<b>-</b>
<b>Total liquidity risk sensitivity gap</b>	<b>37,431,523</b>	<b>3,300,392</b>	<b>15,880,323</b>	<b>-</b>	<b>-</b>
<b>Cumulative liquidity risk sensitivity gap</b>	<b>37,431,523</b>	<b>40,731,915</b>	<b>56,612,239</b>	<b>56,612,239</b>	<b>56,612,239</b>
June 30, 2023					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
Rupees in '000					
<b>Financial assets</b>					
Bank balances	11,991,941	-	-	-	11,991,941
Investments	37,667,275	498,700	-	-	38,165,975
Profit receivable	406,849	-	-	-	406,849
Deposits	100	-	-	-	100
	<b>50,066,165</b>	<b>498,700</b>	<b>-</b>	<b>-</b>	<b>50,564,865</b>

	June 30, 2023					
	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- Rupees in '000 -----						
Financial liabilities						
Payable to Management Company	67,845	-	-	-	-	67,845
Payable to Trustee	2,261	-	-	-	-	2,261
Accrued expenses and other liabilities	919	-	-	-	-	919
	71,025	-	-	-	-	71,025
On-balance sheet gap	49,995,140	498,700	-	-	-	50,493,840
Total liquidity risk sensitivity gap	49,995,140	498,700	-	-	-	
Cumulative liquidity risk sensitivity gap	49,995,140	50,493,840	50,493,840	50,493,840	50,493,840	

## 22. UNITS HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

Top ten brokers during the year ended June 30, 2024

1. Al Falah CLSA Securities (Private) Limited
2. C & M Management (Private) Limited
3. Optimus Markets (Private) Limited
4. Magenta Capital (Private) Limited
5. BMA Capital Management Limited
6. Icon Securities (Private) Limited
7. Bright Capital (Private) Limited
8. Currency Market Associates (Private) Limited
9. JS Global Capital Limited
10. Invest One Markets Limited



Top ten brokers during the year ended June 30, 2023

1. Optimus Markets (Private) Limited
2. Al Falah CLSA Securities (Private) Limited
3. C & M Management (Private) Limited
4. Continental Exchange (Private) Limited
5. Bright Capital (Private) Limited
6. Icon Securities (Private) Limited
7. Invest One Markets Limited
8. Magenta Capital (Private) Limited
9. BMA Capital Management Limited
10. Vector Capital (Private) Limited

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

Details of members of the Investment Committee of the Fund as on June 30, 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

**25. PATTERN OF UNITHOLDING**

Category	As at June 30, 2024			
	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Associated Companies	5	6,239,561	643,656	1.141
Trusts	36	14,605,554	1,506,666	2.670
Insurance Companies	20	1,523,437	157,151	0.279
Retirement Funds	98	23,641,895	2,438,834	4.322
Other Corporates	290	305,082,493	31,471,485	55.777
Individuals	5521	187,882,420	19,381,442	34.350
Foreign Individuals	23	7,991,125	824,341	1.461
		<b>546,966,486</b>	<b>56,423,575</b>	<b>100.00</b>

Category	As at June 30, 2023			
	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000 ----- % -----				
Associated Companies	6	840,389	85,713	0.17
Trusts	30	4,578,695	466,993	0.93
Insurance Companies	20	5,224,608	532,871	1.06
Retirement Funds	92	8,586,147	875,723	1.74
Other Corporates	264	352,542,538	35,956,712	71.43
Individuals	4886	116,777,101	11,910,428	23.66
Foreign Individuals	21	5,004,037	510,375	1.01
		<b>493,553,515</b>	<b>50,338,816</b>	<b>100</b>

**26. ATTENDANCE AT MEETINGS OF THE 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:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave	
1. Mr. Shahid Ghaffar	6	6	-	-
2. Ms. Ava A. Cowasjee	6	6	-	-
3. Mr. Raymond 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	-	-

June 30, 2024

Rate per unit	Declaration date	Refund of capital	Distribution from Income	Total Distribution
----- (Rupees in "000") -----				

**27. DISTRIBUTION DURING THE YEAR**

For the period ended August 07, 2023	2.1545	August 07, 2023	(89,126)	(1,017,984)	(1,107,110)
For the period ended September 18, 2023	2.4155	September 18, 2023	(68,845)	(1,178,835)	(1,247,680)
For the period ended October 16, 2023	1.6879	October 16, 2023	(87,223)	(721,297)	(808,520)
For the period ended November 13, 2023	1.6078	November 13, 2023	(63,777)	(708,748)	(772,525)
For the period ended December 11, 2023	1.4925	December 11, 2023	(43,086)	(616,852)	(659,938)
For the period ended January 15, 2024	2.1124	January 15, 2024	(93,556)	(841,802)	(935,358)
For the period ended February 19, 2024	1.8189	February 19, 2024	(61,359)	(704,494)	(765,852)
For the period ended March 11, 2024	1.1476	March 11, 2024	(21,299)	(447,794)	(469,093)
For the period ended April 22, 2024	2.2556	April 22, 2024	(70,876)	(835,125)	(906,001)
For the period ended June 10, 2024	2.8476	June 10, 2024	(204,747)	(1,039,436)	(1,244,183)
			(803,894)	(8,112,367)	(8,916,260)

June 30, 2023

Rate per unit	Declaration date	Refund of capital	Distribution from Income	Total Distribution
----- (Rupees in "000") -----				
1.6445	August 10, 2022	(59,495)	(449,925)	(509,420)
1.0143	September 02, 2022	(21,942)	(297,321)	(319,263)
1.4745	October 10, 2022	(67,187)	(430,915)	(498,102)
1.1493	November 07, 2022	(30,901)	(362,441)	(393,342)
1.0082	December 02, 2022	(22,502)	(329,672)	(352,174)
1.4979	January 09, 2023	(125,694)	(523,117)	(648,811)
1.5145	February 13, 2023	(80,164)	(588,922)	(669,086)
0.8585	March 06, 2023	(20,380)	(265,472)	(285,852)
1.8339	April 10, 2023	(217,163)	(623,996)	(841,158)
1.982	May 15, 2023	(113,856)	(822,127)	(935,983)
1.9102	June 19, 2023	(49,502)	(834,342)	(883,843)
		(808,785)	(5,528,249)	(6,337,034)

**28. 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.

**29. GENERAL**

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

**30. 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  
(Management Company)**

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL** Multi Asset Fund

## FUND INFORMATION

NAME OF FUND	HBL Multi Asset Fund
NAME OF AUDITORS	KPMG Taseer Hadi & Co., Chartered Accountants.
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF BANKERS	Habib Bank Limited Allied Bank Limited JS Bank Limited MCB Bank Limited Zarai Tarakiyati Bank Limited Sindh Bank Limited Soneri Bank Limited National Bank Limited Dubai Islamic Bank Limited Habib Metropolitan Bank Limited

## FUND MANAGER'S REPORT – HBL MULTI ASSET FUND

### Type and Category of Fund

Open end Balanced Fund

### Investment Objective and Accomplishment of Objective

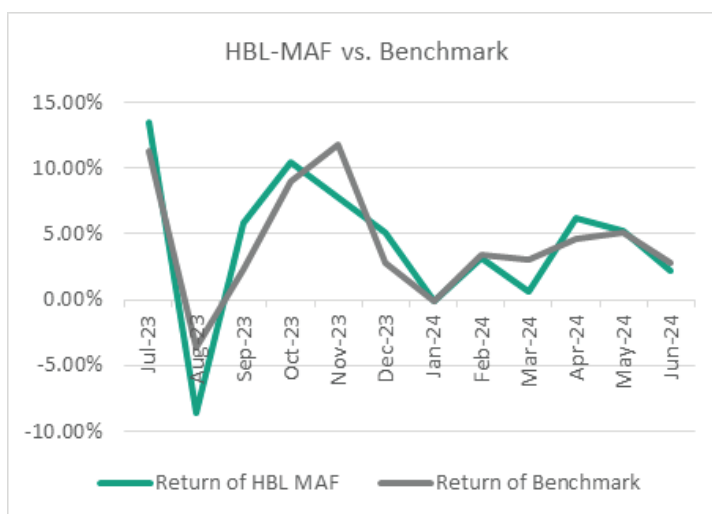
The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes such as equity, equity-related instruments, fixed-income securities, continuous funding system, derivatives, money market instruments, etc.

### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is weighted average daily return of KSE100 and 6M average PKRV rates based on the actual proportion of investment in Equity and Fixed Income/Money Market component.

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

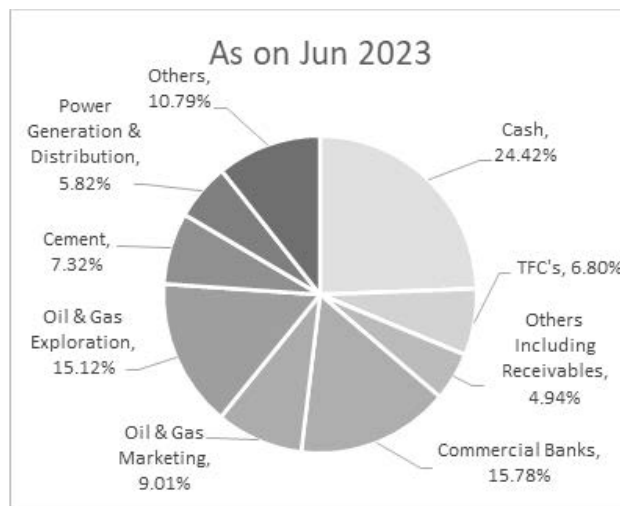
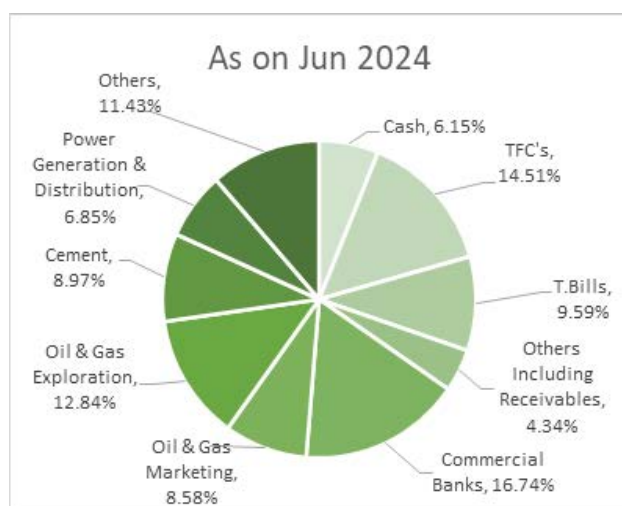
Month	Return of Fund	
	HBL-MAF	Benchmark
Jun-24	2.20%	2.77%
May-24	5.21%	5.06%
Apr-24	6.18%	4.63%
Mar-24	0.68%	3.01%
Feb-24	3.16%	3.40%
Jan-24	-0.13%	-0.05%
Dec-23	5.13%	2.87%
Nov-23	7.82%	11.75%
Oct-23	10.51%	8.97%
Sep-23	5.82%	2.33%
Aug-23	-8.62%	-3.57%
Jul-23	13.46%	11.24%



### Strategies and Policies employed during the Year

During the year under review, the Fund has increased its exposure in equity securities from 63.84% as on June 30, 2023 to 65.41% in June 30, 2024. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in cement, power and commercial banks was increased, while exposure in oil and gas exploration and oil and gas marketing was decreased. The Fund increased its exposure in commercial papers and TFCs during the year.

### Asset Allocation



## Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2024 and June 30, 2023:

Sector Name	As on Jun 2024	As on Jun 2023
Cash	6.15%	24.42%
TFC's	14.51%	6.80%
T.Bills	9.59%	0.00%
Others Including Receivables	4.34%	4.94%
Commercial Banks	16.74%	15.78%
Oil & Gas Marketing	8.58%	9.01%
Oil & Gas Exploration	12.84%	15.12%
Cement	8.97%	7.32%
Power Generation & Distribution	6.85%	5.82%
Others	11.43%	10.8%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

The total and net income of the Fund was Rs. 50.99 million and Rs. 46.48 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs 138.4640 per unit as on June 30, 2024 as compared to Rs 92.3983 per unit as on June 30, 2023, after incorporating dividend of Rs. 11.90 per unit, thereby giving a return of 62.74%. During the same year the benchmark index (Weighted average daily return KSE 100 and 6 Month PKRV rates) yielded a return of 65.35%. The size of Fund was Rs 0.12 billion as on June 30, 2024 as compared to Rs. 0.10 billion at the start of the year.

## Review of Market invested in

### 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.

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.

### Stock Market Review

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 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 BAHF (+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.

#### Distribution

The Board of Directors approved dividend up to Rs. 11.90 per unit for the year ended June 30, 2024.

#### Significant Changes in the State of Affairs

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

#### Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	46	1,580
101 – 500	37	8,832
501 – 1,000	18	13,161
1,001 – 10,000	20	92,055
10,001 – 100,000	9	149,259
100,001 – 500,000	-	-
500,001 – 1,000,000	1	636,281
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
<b>Total</b>	<b>131</b>	<b>901,168</b>

#### Unit Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.



# PERFORMANCE TABLE

## HBL MULTI ASSET FUND

As at June 30, 2024

	2024	2023	2022	2021	2020	2019
Net assets at the period end (Rs'000)	124,779	103,664	104,221	202,437	193,764	203,154
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>						
Redemption	138.4640	92.3983	92.9902	112.7464	94.0814	95.6506
Offer	141.5933	94.4865	95.0918	115.2945	96.2076	97.8123
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>						
Highest offer price per unit	154.6622	100.2886	119.3773	119.3354	118.9252	110.1991
Lowest offer price per unit	97.9643	90.2869	94.6849	97.2483	88.2349	95.669
Highest redemption price per unit	151.2441	98.0722	116.739	116.698	116.2969	107.7636
Lowest redemption price per unit	95.7992	88.2915	92.5923	95.0991	86.2849	93.5547
<b>RETURN ( % )</b>						
Total return	62.74%	4.05%	-17.52%	21.99%	2.14%	-8.95%
Income distribution	12.88%	4.35%	0.00%	2.05%	3.60%	0.00%
Capital growth	49.86%	-0.30%	-17.52%	19.94%	-1.46%	-8.95%
<b>DISTRIBUTION</b>						
Final dividend distribution (Rs)	11.9	4.35	0	2.05	3.6	0
Date of Income Distribution	29-Jun-24	27-Jun-23	-	18-Jun-21	44008	-
Total dividend distribution for the year/ period (Rs)	11.90	4.35	-	2.05	3.6	0
<b>AVERAGE RETURNS ( % )</b>						
Average annual return 1 year	62.74%	4.05%	-17.52%	21.99%	2.14%	-8.95%
Average annual return 2 year	30.13%	-7.36%	0.31%	11.62%	-3.56%	-7.62%
Average annual return 3 year	11.78%	1.54%	0.92%	4.30%	-4.48%	0.34%
<b>PORTFOLIO COMPOSITION - (%)</b>						
Percentage of Total Assets as at 30 June:						
Bank Balances	5.97%	24.25%	26.38%	24.95%	33.10%	27.93%
Placements with Banks & DFIs	0.00%	0.00%		0.00%	0.00%	0.00%
TFC / Sukuk	14.18%	6.75%	3.19%	8.05%	8.21%	13.71%
Commercial Paper	0.00%	0.00%	4.41%	2.01%	0.00%	0.00%
Stock/Equities	64.93%	63.37%	62.96%	63.49%	56.74%	55.01%
Government Securities	9.70%	0.00%	0.00%	0.00%	0.00%	0.00%
Others Including receivables	5.22%	5.63%	3.06%	1.50%	1.95%	3.36%

### Note:

The Launch date of the Fund is December 17, 2007

### Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

# PROXY VOTING DISCLOURE

As at June 30, 2024

Summary of Actual Proxy voted by CIS

HBLMAF	Meetings	Resolutions	For	Against
Number	4	6	6	-
(%ages)	-	-	-	-

(h) AMC did not participate in shareholders' meetings

Scrip	AGM Meeting Dt	EOGM Meeting Dt
Abbott Laboratories (Pak) Ltd	22-04-24	
Adamjee Insurance Co Ltd	26-04-24	
Agha Steel Ind.Ltd	16-10-23	
AGP Limited	19-03-24	19-07-23
Air Link Communication Ltd	28-10-23	
Aisha Steel Mills Ltd		
Al Ghazi Tractors Ltd		01-03-24
Amreli Steels Limited	24-10-23	
Askari Bank Ltd	28-03-24	
Attock Petroleum Ltd		09-03-24
Attock Refinery Ltd	09-10-23	
Baluchistan Wheels Ltd.	23-09-23	
Bank Al-Falah Ltd	20-03-24	27-05-24
Bank Al-Habib Limited	06-03-24	
BankIslami Pakistan Limited	28-03-24	
Century Paper & Board Mills Ltd	25/09/2023 17-10-2023	
Cherat Cement Company Ltd.	25-10-23	21-03-24
D G Khan Cement Co.Ltd.	27-10-23	
Engro Corporation Ltd	25-04-24	26-06-24
Engro Fertilizers Limited		
Exide Pakistan Ltd	15-07-23	
Fauji Cement Company Limited	27-10-23	
Fauji Fertilizer Bin Qasim Ltd	25-03-24	18-08-23
Fauji Fertilizer Co Ltd	26-03-24	23-11-23
Faysal Bank Limited	07-03-24	
Ferozsons Laboratories Ltd	28-10-23	05-07-23
Ghani Glass Ltd	27-10-23	14-12-23
Gul Ahmed Textile Mills Ltd	27-10-23	
Habib Bank Ltd	27-03-24	30-05-24
Habib Metropolitan Bank Ltd	28-03-24	
Highnoon Laboratories Limited	29-04-24	
Honda Atlas Cars (Pakistan) Ltd	27-06-24	25-Apr-24
Hub Power Company Ltd	16-10-23	
Indus Motor Company Limited		30-10-23
International Steels Limited	26-09-23	
Ittehad Chemicals Limited	26-10-23	
K-Electric Limited	26-10-23	
Lucky Cement Ltd	26-09-23	23-11-23
Maple Leaf Cement Factory Ltd	19-10-23	
MCB Bank Ltd	27-03-24	
Meezan Bank Ltd	28-3-24 28/10/2023	
Millat Tractors Ltd	26-10-23	
Mughal Iron & Steel Inds Ltd	28-10-23	19-09-23
Murree Brewery Company Limited		24-07-23
National Refinery Ltd	23-10-23	
Nishat Chunian Power Ltd	25-09-23	
Nishat Power Limited	26-10-23	22-08-23
Oil & Gas Development Co Ltd	30-10-23	
Pak Suzuki Motor Company Limited	29-04-24	09/02/2024 7-5-24
Pakistan Aluminium Beverage Cans Limi	29-04-24	
Pakistan Hotels Developers Ltd	27-10-23	
Pakistan Petroleum Ltd	25-10-23	
Pakistan State Oil Company Ltd	26-10-23	
Pakistan Telecommunication Co Ltd	29-04-24	
PANTHER TYRES LIMITED	26-09-23	
Pioneer Cement Limited	27-10-23	
Sazgar Engineering Works Limited	26-10-23	
Shell Pakistan Ltd	25-04-24	
Sui Northern Gas Pipeline Ltd	01-08-23	30-09-23
Sui Southern Gas Co Ltd		23-10-23
Systems Limited	19-04-24	26-12-23
Tariq Glass Industries Ltd	27-10-23	01/09/2023 15-2-2024
The Searle Company Ltd		26-07-23
TPL Properties Limited		26-07-23
TPL Trakker Limited	23-10-23	21-06-24
TRG Pakistan Ltd		
United Bank Limited	18-03-24	
Unity Foods Limited	27-10-23	

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL MULTI ASSET FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Multi Asset Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 26, 2024





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 37131900, Fax +92 (21) 35685095

## INDEPENDENT AUDITORS' RPEORT

### To the Unit holders of HBL Multi Asset Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **HBL Multi Asset Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flow for the year then ended, and notes to the financial statements, comprising material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matter

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

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the financial statements and our auditors' report thereon.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.





KPMG Taseer Hadi & Co.

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

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

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



KPMG Taseer Hadi & Co.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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



KPMG Taseer Hadi & Co.

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

Date: 28 September 2024

Karachi

UDIN: AR202410188dpouDeZRW

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

		2024	2023
	Note	(Rupees in '000)	
<b>Assets</b>			
Bank balances	4	8,225	27,173
Investments	5	119,713	78,583
Dividend receivable and accrued mark-up	6	1,395	760
Receivable against purchase of investment		-	1,758
Advances, deposits and other receivables	7	4,421	3,792
<b>Total assets</b>		<b>133,754</b>	<b>112,066</b>
<b>Liabilities</b>			
Payable to the Management Company	8	301	320
Payable to the Trustee	9	23	19
Payable to Securities and Exchange Commission of Pakistan	10	9	19
Accrued expenses and other liabilities	11	8,642	8,044
<b>Total liabilities</b>		<b>8,975</b>	<b>8,402</b>
<b>Net assets</b>		<b>124,779</b>	<b>103,664</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>124,779</b>	<b>103,664</b>
<b>Contingencies and commitments</b>	12		
		(Number of units)	
<b>Number of units in issue</b>	13	<b>901,168</b>	<b>1,121,925</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>138.4640</b>	<b>92.3983</b>

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



		2024	2023
	Note	(Rupees in '000)	
<b>Income</b>			
Mark-up / return on investments calculated using the effective interest method	14	3,667	3,129
Mark-up on bank deposits	15	4,020	3,692
Dividend income		6,339	6,128
Realised gain / (loss) on sale of investments		16,781	(2,231)
Unrealised appreciation / (dimunition) on revaluation of investments at fair value through profit or loss		20,178	(1,164)
Other income		-	14
		<b>50,985</b>	<b>9,567</b>
<b>Expenses</b>			
Remuneration of the Management Company	8.1	2,074	2,155
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	229	334
Selling and marketing expense	8.3	243	809
Remuneration of the Trustee	9.1	233	216
Annual fee to Securities and Exchange Commission of Pakistan	10.1	87	19
Auditors' remuneration	16	613	566
Fees and subscription		31	28
Securities transaction costs		1,063	1,157
Settlement and bank charges		409	453
Tax professional charges		128	-
Printing charges		130	114
Reimbursement of expenses from the Management Company	8.4	(738)	(1,185)
		<b>4,502</b>	<b>4,666</b>
<b>Net income from operating activities</b>		<b>46,483</b>	<b>4,901</b>
<b>Net income for the year before taxation</b>		<b>46,483</b>	<b>4,901</b>
Taxation	17	-	-
<b>Net income for the year after taxation</b>		<b>46,483</b>	<b>4,901</b>
<b>Allocation of income for the year</b>			
Net income for the year after taxation		46,483	4,901
Income already paid on redemption of units		(4,062)	(41)
		<b>42,421</b>	<b>4,860</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gain		33,466	-
- Excluding capital gain		8,954	4,860
		<b>42,421</b>	<b>4,860</b>
<b>Earnings per unit</b>	18		

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

	2024	2023
	(Rupees in '000)	
Net income for the year after taxation	46,483	4,901
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>46,483</b>	<b>4,901</b>

The annexed notes 1 to 31 form an integral part of these financial statements.

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

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

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

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

**HBL Multi Asset Fund**  
**Statement of Movement in Unit Holders' Fund**  
For the year ended June 30, 2024

	For the year ended June 30,					
	2024			2023		
	Capital Value	Undistributed Income / (Accumulated loss)	Total	Capital Value	Undistributed Income / (Accumulated loss)	Total
----- (Rupees in '000) -----						
<b>Net assets at beginning of the year</b>	154,814	(51,150)	103,664	155,539	(51,316)	104,223
Issuance of units: 303,415 (2023: 484,975 units)						
- Capital value (at net asset value per unit at the beginning of the year)	28,035	-	28,035	45,098	-	45,098
- Element of Income	9,674	-	9,674	(822)	-	(822)
Total proceeds on issuance of units	37,709	-	37,709	44,276	-	44,276
Redemption of units: 524,172 (2023: 483,830 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(48,433)	-	(48,433)	(44,992)	-	(44,992)
- Element of (loss)	(600)	(4,062)	(4,662)	(9)	(41)	(50)
Total payments on redemption of units	(49,033)	(4,062)	(53,095)	(45,001)	(41)	(45,042)
Total comprehensive income for the year	-	46,483	46,483	-	4,901	4,901
Final distribution for the year ended June 30, 2024: 11.90 per unit declared on June 29, 2024 (2023: 4.5)	-	(8,715)	(8,715)	-	(4,694)	(4,694)
Refund of Capital	(1,267)	-	(1,267)	-	-	-
Total distribution	(1,267)	(8,715)	(9,982)	-	(4,694)	(4,694)
<b>Net assets at end of the year</b>	<b>142,223</b>	<b>(17,444)</b>	<b>124,779</b>	<b>154,814</b>	<b>(51,150)</b>	<b>103,664</b>
<b>Accumulated loss brought forward</b>						
- Realised		(49,986)			(36,538)	
- Unrealised		(1,164)			(14,778)	
		(51,150)			(51,316)	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		33,466			-	
- Excluding capital gains		8,954			4,860	
		42,421			4,860	
Net loss for the year after taxation		-			-	
Interim distribution for the year ended June 30, 2024: 11.90 per unit declared on June 29, 2024 (2023: 4.35)		(8,715)			(4,694)	
<b>Undistributed loss carried forward</b>		<b>(17,444)</b>			<b>(51,150)</b>	
<b>Accumulated loss carried forward</b>						
- Realised		(37,622)			(49,986)	
- Unrealised		20,178			(1,164)	
		(17,444)			(51,150)	
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the year</b>		<b>92.3983</b>			<b>92.9902</b>	
<b>Net assets value per unit at end of the year</b>		<b>138.4640</b>			<b>92.3983</b>	

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Multi Asset Fund**  
**Cash Flow Statement**  
For the year ended June 30, 2024

		2024 (Rupees in '000)	2023
<b>Cash flow from operating activities</b>	<i>Note</i>		
Net income for the year after taxation		46,483	4,901
<b>Adjustments</b>			
Mark-up / return on investments calculated using effective interest method	14	(3,667)	(3,129)
Mark-up on bank deposits	15	(4,020)	(3,692)
Dividend income		(6,339)	(6,128)
Realised (gain) / loss on sale of investments		(16,781)	2,231
Unrealised (appreciation) / diminution on revaluation of investments at fair value through profit or loss		(20,178)	1,165
Other income		-	(14)
		(4,502)	(4,666)
<b>(Increase) in assets</b>			
Investments		(2,413)	(5,076)
Advances, deposits and other receivables		(629)	(802)
		(3,042)	(5,878)
<b>Increase / (decrease) in liabilities</b>			
Payable to the Management Company		(19)	(160)
Payable to the Trustee		4	(6)
Payable to the Securities and Exchange Commission of Pakistan		(10)	(18)
Accrued expenses and other liabilities		598	876
		573	692
<b>Net cash used in operating activities</b>		(6,971)	(9,852)
<b>Cashflow from investing activities</b>			
Markup received on bank deposits		4,362	3,879
Markup received on investments		2,722	2,960
Dividend income received		6,307	6,119
<b>Net cash generated from investing activities</b>		13,391	12,958
		6,420	3,106
<b>Cash flow from financing activities</b>			
Proceeds from issuance of units	13.2	36,442	44,276
Payment on redemption of units		(53,095)	(45,042)
Cash distribution to unit holders		(8,715)	(4,694)
<b>Net cash used in financing activities</b>		(25,368)	(5,460)
<b>Net decrease in cash and cash equivalents</b>		(18,948)	(2,354)
<b>Cash and cash equivalents at beginning of the year</b>		27,173	29,527
<b>Cash and cash equivalents at end of the year</b>	4	8,225	27,173

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

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

- 1.1 HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on September 28, 2007.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange.
- 1.4 The Fund has been categorised as a balanced fund as per the criteria laid down by SECP for categorisation of open-end Collective Investment Scheme (CISs). The Management Company has also planned to change its category from 'balanced fund' to 'asset allocation fund' for which the Management Company intends to seek SECP approval. Once executed, the Management Company would launch different plans in the Fund to ensure continuous compliance of fund size requirements.
- 1.5 The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.
- 1.6 VIS Credit Rating Company has reaffirmed a management quality rating to 'AM1' (Stable outlook) of the Management Company on December 29, 2023 (2023: AM1 dated on December 30, 2022).
- 1.7 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

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

## **2.2 Standards and amendments effective during the year**

The Fund has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from July 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the annual audited financial statements for the year ended June 30, 2023.

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 entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on July 1, 2023 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

## **2.3 Standards, interpretations and amendments to accounting and reporting standards, that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a fund must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the fund must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, fund will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. These amendments also specify the transition requirements for fund that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after January,1 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a fund to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the fund's liabilities and cash flows, and the fund's exposure to liquidity risk. Under the amendments, funds also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a fund might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after January 1, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- Lack of Exchangeability (amendments to IAS 21) clarify:
  - when a currency is exchangeable into another currency; and
  - how a company estimates a spot rate when a currency lacks exchangeability

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used ;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:
  - Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

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

## **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- (a) classification of financial assets (Note 3.2(i))
- (b) impairment of financial assets (Note 3.2(iv))
- (c) provisions (Note 3.11)

## **2.5 Basis of Measurement**

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

## **2.6 Functional and presentation currency**

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



### **3. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these financial statements are set out below. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all the years presented.

#### **3.1 Cash and cash equivalent**

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

#### **3.2 Financial assets**

##### **i. Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

##### **Business model assessment**

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

#### **ii. Subsequent measurement**

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

##### **Financial assets at FVTPL**

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

##### **Financial assets at amortised cost**

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

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

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. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

##### **Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The fair value of financial assets are determined as follows:

**a) Debt securities (other than Government securities)**

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

**b) Government securities**

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

**c) Equity securities**

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

**iii. Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

**iv. Impairment of financial assets**

**Financial assets at amortised cost**

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund.

**3.3 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial Liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial Liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortized cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value .

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

**3.4 Regular way contracts**

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

### **3.5 Derecognition**

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

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

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

### **3.7 Unit holders' fund**

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

### **3.8 Issuance and redemption of units**

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

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

### **3.9 Element of income**

Element of income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) at the beginning of the relevant accounting period.

Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net assets value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of income) on redemption of units during the year are taken separately in statement of movement in unit holders' fund.

### **3.10 Revenue recognition**

- Mark-up on bank deposit and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (losses) arising on mark to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

### **3.11 Provisions**

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

### **3.12 Net assets value per unit**

The net assets value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

### **3.13 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

Funds account for deferred tax using the balance sheet liability method on all temporary differences between the amounts used for financial reporting purposes and amounts used for tax purposes. In addition, Funds also record deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders' every year.

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

### **3.14 Zakat Payable**

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

### **3.15 Distributions**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.16 Other assets

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

### 3.17 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP, and selling and marketing expense) are recognised in the Income Statement on an accrual basis.

4	BANK BALANCES	Note	2024	2023
			(Rupees in '000)	
	Savings accounts	4.1	8,225	27,173
			<u>8,225</u>	<u>27,173</u>

4.1 This represents bank balances held with different banks. Mark-up rates on these accounts range between 19% and 22.5% per annum (2023: between 14% and 22.5% per annum).

5	INVESTMENTS	Note	2024	2023
			(Rupees in '000)	
	<b>Investment by category</b>			
	<b>Financial assets at fair value through profit or loss</b>			
	- Listed equity securities	5.1	87,477	71,015
	- Term finance certificates and sukuk bonds	5.2	5,409	7,568
	- Market Treasury Bills	5.3	12,827	-
	- GOP Ijarah Sukuks	5.4	-	-
	- Pakistan Investment Bonds	5.5	-	-
			<u>105,713</u>	<u>78,583</u>
	<b>Financial assets at amortized cost</b>			
	- Term finance certificates and sukuk bonds	5.2.1	14,000	-
			<u>119,713</u>	<u>78,583</u>

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

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

Name of investee company	Note	As at July 1, 2023	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2024	Cost of Holding as at June 30, 2024	Market value as at June 30, 2024	Market value as a		Par value as a	
									Total Investments	Net Assets	percentage of issued capital of the investee company	
(Number of Shares)						(Rupees in '000)		(%)				
<b>Cement</b>												
Lucky Cement Limited		-	11,240	-	11,000	240		182	218	0.18	0.17	0.00
Maple Leaf Cement Factory Limited	5.1.1	194,000	433,000	-	562,000	65,000	2,151	2,470	2.06	1.98	0.01	
D.G. Khan Cement Company Limited		-	106,100	-	75,000	31,100	2,401	2,807	2.35	2.25	0.01	
Fauji Cement Company Limited		-	108,300	-	-	108,300	2,161	2,481	2.07	1.99	0.00	
Pioneer Cement Limited		-	84,292	-	60,492	23,800	2,618	4,014	3.35	3.22	0.01	
Cherat Cement Company Limited		22,000	87,946	-	109,946	-	-	-	-	-	-	
		<u>216,000</u>	<u>830,878</u>	<u>-</u>	<u>818,438</u>	<u>228,440</u>	<u>9,513</u>	<u>11,990</u>				
<b>Chemical</b>												
Ittehad Chemicals Limited		-	12,000	-	-	12,000	540	566	0.47	0.45	0.01	
		<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>540</u>	<u>566</u>				
<b>Automobile Parts &amp; Accessories</b>												
Baluchistan Wheels Limited		-	15,000	-	3,500	11,500	1,708	1,495	1.25	1.20	0.09	
Exide Pakistan Limited		-	2,700	-	-	2,700	1,145	1,591	1.33	1.28	0.03	
Panther Tyres Limited		-	34,000	-	31,000	3,000	115	114	0.09	0.09	0.00	
		<u>-</u>	<u>51,700</u>	<u>-</u>	<u>34,500</u>	<u>17,200</u>	<u>2,968</u>	<u>3,200</u>				
<b>Commercial Banks</b>												
Bank Alfalah Limited		-	19,000	-	-	19,000	944	1,292	1.08	1.04	0.00	
Askari Bank Limited		-	100,000	-	100,000	-	-	-	-	-	-	
Bank AL Habib Limited		-	190,170	-	155,600	34,570	2,729	3,878	3.24	3.11	0.00	
Faysal Bank Limited	5.1.2	750	162,000	-	162,000	750	20	39	0.03	0.03	0.00	
Habib Bank Limited		59,000	188,500	-	242,500	5,000	576	620	0.52	0.50	0.00	
MCB Bank Limited		-	118,900	-	113,300	5,600	991	1,271	1.06	1.02	0.00	
Habib Mteropolitan Bank Limited		-	18,000	-	9,500	8,500	503	584	0.49	0.47	0.00	
BankIslami Pakistan Limited		592,500	101,500	-	694,000	-	-	-	-	-	-	
Meezan Bank Limited	5.1.1	-	146,300	-	123,750	22,550	3,222	5,398	4.51	4.33	0.00	
United Bank Limited	5.1.1	23,000	88,506	-	75,250	36,256	5,869	9,290	7.76	7.45	0.00	
		<u>675,250</u>	<u>1,132,876</u>	<u>-</u>	<u>1,675,900</u>	<u>132,226</u>	<u>14,854</u>	<u>22,372</u>				

# HBL Multi Asset Fund

## Notes to the financial statements

For the year ended June 30, 2024

Name of investee company	Note	As at July 1, 2023	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2024	Cost of Holding as at June 30, 2024	Market value as at June 30, 2024	Market value as a		Par value as a
									Total Investments	Net Assets	percentage of issued capital of the investee company
(Number of Shares)						(Rupees in '000)			(%)		
<b>Engineering</b>											
Agha Steel Industries Limited		-	16,500	-	-	16,500	162	165	0.14	0.13	0.00
Aisha Steel Mills Limited		-	38,745	-	-	38,745	276	285	0.24	0.23	0.00
Amreli Steels Limited		-	2,500	-	2,500	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	5.1.2	2,782	79,300	-	78,500	3,582	205	333	0.28	0.27	0.00
International Steels Limited		-	28,000	-	20,000	8,000	472	676	0.57	0.54	0.00
		2,782	165,045	-	101,000	66,827	1,114	1,460			
<b>Fertilizer</b>											
Engro Corporation Limited		-	36,200	-	36,200	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited		-	36,000	-	16,000	20,000	580	709	0.59	0.57	0.00
Engro Fertilizers Limited		112,500	46,500	-	159,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited		1,010	2,100	-	3,110	-	-	-	-	-	-
		113,510	120,800	-	214,310	20,000	580	709			
<b>Insurance</b>											
Adamjee Insurance Company Limited		-	15,500	-	15,500	-	-	-	-	-	-
		-	15,500	-	15,500	-	-	-			
<b>Oil &amp; Gas Exploration Companies</b>											
Oil & Gas Development Company Limited	5.1.1	108,000	152,600	-	197,900	62,700	6,428	8,488	7.09	6.80	0.00
Pakistan Petroleum Limited	5.1.1	142,000	215,500	-	283,400	74,100	5,863	8,678	7.25	6.95	0.00
		250,000	368,100	-	481,300	136,800	12,290	17,166			
<b>Oil &amp; Gas Marketing Companies</b>											
Sui Northern Gas Pipelines Limited	5.1.1	94,000	357,600	-	367,000	84,600	4,483	5,370	4.49	4.30	0.01
Sui Southern Gas Company Limited		-	35,000	-	35,000	-	-	-	-	-	-
Shell Pakistan Limited		-	7,600	-	7,600	-	-	-	-	-	-
Attock Petroleum Limited		-	2,300	-	2,300	-	-	-	-	-	-
Pakistan State Oil Company Limited	5.1.1 & 5.1.2	56,920	67,680	-	87,800	36,800	5,319	6,117	5.11	4.90	0.01
		150,920	470,180	-	499,700	121,400	9,801	11,487			
<b>Pharmaceuticals</b>											
AGP Limited		-	1,982	-	1,982	-	-	-	-	-	-
Abbot Laboratories Pakistan Limited		-	1,100	-	-	1,100	491	806	0.67	0.65	0.00
Ferozsons Laboratories Limited		-	6,000	-	-	6,000	1,234	1,496	1.25	1.20	0.01
Highnoon Laboratories Limited		-	800	-	800	-	-	-	-	-	-
The Searle Company Limited	5.1.2	1,400	17,500	-	17,500	1,400	75	80	0.07	0.06	0.00
		1,400	27,382	-	20,282	8,500	1,800	2,383			
<b>Power Generation and Distribution</b>											
K-Electric Limited *		-	390,000	-	80,000	310,000	1,718	1,435	1.20	1.15	0.00
Nishat Chunian Power Limited		-	293,000	-	293,000	-	-	-	-	-	-
Nishat Power Limited		-	125,000	-	125,000	-	-	-	-	-	-
The Hub Power Company Limited		93,000	125,600	-	171,200	47,400	5,537	7,730	6.46	6.19	0.00
		93,000	933,600	-	669,200	357,400	7,255	9,165			
<b>Textile Composite</b>											
Gul Ahmed Textile Mills Limited		-	40,000	-	40,000	-	-	-	-	-	-
		-	40,000	-	40,000	-	-	-			
<b>Automobile Assembler</b>											
Al Ghazi Tractors Limited		-	750	-	-	750	278	262	0.22	0.21	0.00
Honda Atlas Cars (Pakistan) Limited		-	16,150	-	13,100	3,050	721	864	0.72	0.69	0.00
Indus Motor Company Limited		-	1,860	-	1,860	-	-	-	-	-	-
Pak Suzuki Motor Company Limited		-	1,700	-	1,700	-	-	-	-	-	-
Sazgar Engineering Works Limited		-	9,600	-	8,871	729	133	607	0.51	0.49	0.00
Millat Tractors Limited		-	1,500	-	1,500	-	-	-	-	-	-
		-	31,560	-	27,031	4,529	1,132	1,733			
<b>Food &amp; Personal Care Products</b>											
Unity Foods Limited		-	57,500	-	57,500	-	-	-	-	-	-
Murree Brewery Company Limited		-	9,000	-	7,300	1,700	619	823	0.69	0.66	0.01
		-	66,500	-	64,800	1,700	619	823			
<b>Refinery</b>											
National Refinery Limited		-	72,250	-	70,830	1,420	344	377	0.31	0.30	0.01
Attock Refinery Limited		-	80,850	-	77,100	3,750	1,362	1,318	1.10	1.06	0.00
		-	153,100	-	147,930	5,170	1,705	1,695			
<b>Miscellaneous</b>											
Pakistan Aluminium Beverages Cans Limited		-	20,500	-	20,500	-	-	-	-	-	-
Pakistan Hotels Developers Limited		-	1,000	-	1,000	-	-	-	-	-	-
TPL Properties Limited		-	9,000	-	9,000	-	-	-	-	-	-
		-	30,500	-	30,500	-	-	-			
<b>Technology &amp; Communication</b>											
Pakistan Telecommunication Company		-	35,000	-	35,000	-	-	-	-	-	-
TRG Pakistan Limited		-	5,500	-	5,500	-	-	-	-	-	-
Air Link Communication Limited		-	24,800	-	24,800	-	-	-	-	-	-
Systems Limited		-	4,400	-	4,400	-	-	-	-	-	-
TPL Tracker Limited		274,500	-	-	116,500	158,000	1,397	980	0.82	0.79	0.08
		274,500	69,700	-	186,200	158,000	1,397	980			
<b>Paper &amp; Board</b>											
Century Paper & Board Mills Limited		-	74,000	-	56,500	17,500	609	525	0.44	0.42	0.00
		-	74,000	-	56,500	17,500	609	525			
<b>Glass &amp; Ceramics</b>											
Ghani Glass Limited		-	30,000	-	30,000	-	-	-	-	-	-
Tariq Glass Industries Limited		-	45,000	-	34,500	10,500	1,134	1,224	1.02	0.98	0.01
		-	75,000	-	64,500	10,500	1,134	1,224			
<b>Total as at June, 30 2024</b>											
		1,777,362	4,668,421	-	5,147,591	1,298,192	67,312	87,477			

\* These have a face value of Rs. 3.5 per share.

5.1.1 These investments include shares having market value aggregating to Rs. 24.051 million (2023: Rs. 15.332 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 These investments include gross bonus shares as per Fund's entitlement declared by the investee companies. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5% is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 447,832 as at June 30, 2024 (2023: Rs 250,167) and not yet deposited in CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end. Further during the year ended 30 June 2024, the Finance Act 2023 again introduced a 10% tax on value of bonus shares. However, no tax has been withheld on the bonus shares received by the Fund during this year.

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

Name of the Investee Company	As at July 01, 2023	Purchases during the year	Matured / Sold during the year	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	
							Total Investments	Net Assets
	----- (Number of certificates) -----				----- (Rupees in '000') -----		----- % -----	
Technology & Communication								
TPL Trakker Limited	4	-	-	4	1,550	1,586	1.32	1.27
Power Generation & Distribution								
The Hub Power Company Limited	50	-	-	50	3,849	3,823	3.19	3.06
Total	54	-	-	54	5,399	5,409	4.51	4.33

### 5.2.1 Term Finance Certificates and Sukuk Bonds - At amortized cost

Name of the Investee Company	As at July 1, 2023	Purchases during the year	Sales / Matured during the year	As at June 30, 2024	Market value as a percentage of	
					Total investments	Net Assets
	----- (Rupees in '000) -----				----- % -----	
Power Generation & Distribution						
Lucky Electric Power Company Limited	-	5,000	-	5,000	4.18	4.01
Pharmaceuticals						
OBS Pharma (Private) Limited	-	9,000	-	9,000	7.52	7.21
Total	-	14,000	-	14,000	11.70	11.22

Significant terms and conditions of term finance certificates and sukuk bonds outstanding as at June 30, 2024 are as follows:

5.2.2	Name of Security	Remaining Principal (Rupees per Sukuk / TFC)	Mark-up rate (per annum)	Issue date	Maturity date
	TPL Trakker Limited	387,606	3 month KIBOR + 3%	30-Mar-21	30-Mar-26
	The Hub Power Company Limited	76,973	6 month KIBOR + 2.5%	12-Nov-20	12-Nov-25
	Lucky Electric Power Company Limited	1,000,000	6 month KIBOR + 0.25%	26-Mar-24	26-Sep-24
	OBS Pharma (Private) Limited	1,000,000	6 month KIBOR + 1.4%	29-Feb-24	29-Aug-24



**5.3 Market Treasury Bills - At fair value through profit or loss**

Name of Security	Issue date	As at July 01, 2023	Purchases made during the year	Matured / sold during the year	As at June 30, 2024	Carrying Value as at 30 June 2024	Market Value as at 30 June 2024	Unrealised appreciation/ (diminution) as at 30 June 2024	Market Value as a percentage of	
									Total Investment	Net Assets
									----- % -----	
(Rupees in '000)										
Market Treasury Bills - 12 Months										
Treasury bills - 12 months	26-Jan-23	-	17,500	17,500	-					
Treasury bills - 12 months	2-Nov-23	-	6,000	6,000	-				-	-
Treasury bills - 12 months	21-Nov-23	-	4,000	4,000	-				-	-
Treasury bills - 3 months	2-May-24	-	13,000	-	13,000	12,824	12,827	3	10.71	10.28
		-	40,500	27,500	13,000	12,824	12,827	3		

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

Issue Date	Tenor	As at July 01, 2023	Purchases made during the year	Matured / sold during the year	As at June 30, 2024	Amortised Cost as at 30 June 2024	Market Value as at 30 June 2024	Market Value as a percentage of	
								Total Investment	Net Assets
								----- % -----	
(Rupees in '000)									
17-Apr-23	1 Year	-	13,000	13,000	-	-	-	-	-
17-Apr-23	1 Year	-	5,000	5,000	-	-	-	-	-
		-	18,000	18,000	-	-	-		

**5.5 Investment in Government Securities - Pakistan Investment Bonds - at fair value through profit or loss**

Issue Date	Tenor	As at July 01, 2023	Purchases made during the year	Matured / sold during the year	As at June 30, 2024	Amortised Cost as at 30 June 2024	Market Value as at 30 June 2024	Market Value as a percentage of	
								Total Investment	Net Assets
								----- % -----	
(Rupees in '000)									
17-Jan-24	5 Year	-	9,493	9,493	-	-	-	-	-
		-	9,493	9,493	-	-	-		

6	DIVIDEND RECEIVABLE AND ACCRUED MARK-UP	Note	2024	2023
			(Rupees in '000)	
	Dividend receivable		170	138
	Mark-up accrued on bank deposits		109	451
	Mark-up / return accrued on term finance certificates and sukuk		1,116	171
			<b>1,395</b>	<b>760</b>
<b>7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>				
	Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
	Security deposit with Central Depository Company of Pakistan		100	100
	Advance against subscription of Term Finance Certificates		25,000	25,000
	Advance tax	7.1	383	383
	Receivable from Management Company	8.4	738	809
	Other receivable		700	-
			<b>29,421</b>	<b>28,792</b>
	Less: Provision in respect of advance against subscription of Term Finance Certificates	7.2	(25,000)	(25,000)
			<b>4,421</b>	<b>3,792</b>

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

- 7.2 The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 09, 2008. Under the agreement, the issuer was required to complete the public offering by October 09, 2008. However, no public offering has been carried out by the issuer as at June 30, 2021. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at June 30, 2021, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.

8	PAYABLE TO THE MANAGEMENT COMPANY	Note	2024 (Rupees in '000)	2023
	In respect of:			
	Management fee	8.1	179	171
	Sindh Sales Tax on management fee	8.2	23	22
	Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	-	30
	Selling and marketing expense	8.3	99	97
			<u>301</u>	<u>320</u>

- 8.1 As per SECP S.R.O. 639 (I)/2019 dated 20 June 2019, there has been amendment in NBFC Regulation no. 61, in which limits over management fee had been removed and directed that the asset management company shall disclose in the offering document the maximum rate of management fee chargeable to collective investment scheme within allowed expense ratio limit. Further, the asset management company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document and such actual rate shall be disclosed in Fund manager report. The management fee expense charged by the asset management company during the year is 1.5%-2.49% (2023: 2%).

- 8.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2023: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

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

- 8.4 As per SECP's direction No. SCD/PRDD/Direction/18/2016, "The Asset Management Companies (AMCs) shall adjust the Net Asset Value (NAV) of the Collective Investment Scheme (CIS) on the basis of Total Expense Ratio (TER) at the end of each quarter during the financial year for the amount of expenses in excess of TER limit prescribed in regulation 60 (5) of the NBFC regulations for that CIS by booking liability against AMC. Moreover, the reimbursement (if any) by an AMC to CIS shall be made on the basis of annual TER calculated at the end of each financial year and NAV shall be adjusted accordingly.

As a matter of abundant caution, the fund has recognized a receivable from the management company during the year to ensure compliance with the Total Expense Ratio (TER) limit of 4.5% as prescribed under the regulations for the CIS category "balanced scheme.

9	PAYABLE TO THE TRUSTEE	Note	2024 (Rupees in '000)	2023
	Trustee's remuneration	9.1	20	17
	Sindh Sales Tax		3	2
			<u>23</u>	<u>19</u>

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

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

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	0.2% p.a. of NAV.
On an amount exceeding Rs. 1,000 million	Rs. 2 million plus 0.1% of NAV exceeding Rs. 1000 million.

10	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 (Rupees in '000)	2023
	Annual fee	10.1	9	19

- 10.1 Under the provisions of the NBFC Regulations a collective investment scheme categorised as balanced scheme is required to pay as annual fee to the SECP, an amount equal to 0.085%. However, as per SRO 685(I)/2019 dated 28th June, 2019, the Securities and Exchange Policy Board revised the rate of annual fee at 0.02% of net assets applicable on all categories of Collective Investment Schemes effective from July 1, 2019.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 (Rupees in '000)	2023
	Auditors' remuneration		425	421
	Federal Excise Duty	11.1	6,610	6,610
	Payable to brokers		51	183
	Unclaimed dividend		3	6
	Tax professional fee payable		128	-
	Withholding tax payable		1,353	744
	Other payables		72	80
			<u>8,642</u>	<u>8,044</u>

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

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016.

However, as a matter of abundant caution the provision for FED made for the period from January 13, 2013 to June 30, 2019 amounting to Rs 6.610 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the net asset value of the Fund would have been higher by Rs 7.3349 (June 30, 2023: Re 5.8977)

## 12. CONTINGENCIES AND COMMITMENTS

Other than already disclosed in these financial statements, there are no contingencies and commitments outstanding as at June 30, 2024.

13. NUMBER OF UNITS IN ISSUE	2024	2023
	(Number of units)	
Total units in issue at the beginning of the year	1,121,925	1,120,780
Units issued	303,415	484,975
Units redeemed	(524,172)	(483,830)
Total units in issue at the end of the year	901,168	1,121,925

13.1 This includes 9,155 units issued at zero value (June 30, 2022: 7 units) as refund of capital.

13.2 The Management Company on 28 June 2024 declared final distribution of Rs. 11.90 per unit. The aggregate cash distribution amounted to Rs. 8.72 million was in addition to refund of capital as stated in note 13.1.

14 MARK-UP / RETURN ON INVESTMENTS CALCULATED USING THE EFFECTIVE INTEREST METHOD	2024	2023
	(Rupees in '000)	
GOP Ijarah Sukuk	116	173
Pakistan Investment Bonds	23	
Market Treasury bills	823	1,491
Term finance certificates	2,705	1,465
	3,667	3,129

15 MARK-UP ON BANKS DEPOSITS	2024	2023
Mark-up on savings accounts	4,020	3,692

16 AUDITORS' REMUNERATION	2024	2023
Annual audit fee	415	361
Fee for half yearly review	90	78
Other certifications and out of pocket expenses	63	85
Sales Tax	45	42
	613	566

## 17 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the NBFC Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. Since, the Fund has distributed more than 90% of its accounting income therefore, no provision has been made in the financial statements for the year ended June 30, 2024.

## 18 EARNINGS PER UNIT

Earnings Per Unit (EPU) has not been disclosed as in the opinion of management determination of cumulative weighted average number of outstanding units is not practicable.

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

As on June 30, 2024			
	At Fair value through profit or loss	At Amortised cost	Total
----- (Rupees in '000) -----			
<b>Financial Assets</b>			
Bank balances	-	8,225	8,225
Investments	105,713	14,000	119,713
Dividend receivable and accrued mark-up	-	1,395	1,395
Advances, deposits and other receivables	-	4,421	4,421
	<u>105,713</u>	<u>28,041</u>	<u>133,754</u>
<b>Financial Liabilities</b>			
Payable to the Management Company	-	301	301
Payable to the Trustee	-	23	23
Accrued expenses and other liabilities	-	2,032	2,032
	<u>-</u>	<u>2,356</u>	<u>2,356</u>
As on June 30, 2023			
	At Fair value through profit or loss	At Amortised cost	Total
----- (Rupees in '000) -----			
<b>Financial Assets</b>			
Bank balances	-	27,173	27,173
Investments	78,583	-	78,583
Dividend receivable and accrued mark-up	-	760	760
Receivable against purchase of investment	-	1,758	1,758
Advances, deposits and other receivables	-	3,792	3,792
	<u>78,583</u>	<u>33,483</u>	<u>112,066</u>
<b>Financial Liabilities</b>			
Payable to the Management Company	-	320	320
Payable to the Trustee	-	19	19
Accrued expenses and other liabilities	-	1,434	1,434
	<u>-</u>	<u>1,773</u>	<u>1,773</u>

## 20. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

20.1	Transactions during the year	2024 (Rupees in '000)	2023
	<b>HBL Asset Management Limited - Management Company</b>		
	Management fee	1,835	1,907
	Sales tax on remuneration	239	248
	Allocation of expenses related to registrar services, accounting, operation and valuation services	229	334
	Selling and marketing expenses	243	809
	Reimbursement of expenses from the Management Company	(738)	(1,185)
	Dividend 44,419 units (2022: 15,416 Units) - net	6,150	1,423
	Issuance of 191,691 units (2023: 384,754 units)	23,000	35,000
	<b>Habib Bank Limited - Sponsor</b>		
	Redemption of Nil units (2023: 315,978 units)	-	29,443
	Bank charges paid during the year	3	39
	Mark-up earned during the year	260	297
	Dividend income earned during the year	202	267
	Purchase of 188,500 (2023: 350,825 shares)	17,427	25,129
	Sale of 242,500 shares (2023: 328,896 shares)	21,172	24,519
	<b>Central Depository Company of Pakistan - Trustee</b>		
	Trustee remuneration	206	191
	Sales tax on remuneration	27	25
	Central Depository service charges	39	38
	<b>Executive and Key management personnel</b>		
	Redemption of Nil units (2023: 21,508 units)	-	1,972
	<b>HBL Cash Fund</b>		
	Sale of Treasury bill	16,013	24,732
	<b>HBL Financial Sector Income Fund Plan 1</b>		
	Sale of Treasury bill	8,585	-
	<b>HBL Islamic Income Fund</b>		
	Sale of GOP Ijarah (Face Value)	18,000	-
	Purchase of GOP Ijarah (Face Value)	5,000	-

	2024	2023
	(Rupees in '000)	
<b>20.2 Amounts outstanding as at year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee payable	179	171
Sales tax payable	23	22
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	30
Selling And Marketing expense payable	99	97
Receivable from Management Company against selling and marketing expenses	738	809
Investment held in the Fund: 636,281 units (June 30 2023: 400,170 Units)	88,102	36,975
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	1,160	2,025
Outstanding balance of Shares: 5000 shares (June, 30 2023: 59,000 shares)	620	4,321
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	20	17
Sales tax payable	3	2
Security Deposit	100	100

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

## 21. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

	Name	Designation	Qualification	Experience in years
1	Mr. Mir Adil Rashid	Chief Executive Officer	BSc	25
2	Mr. Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	29
3	Mr. Rahat Saeed Khan	Head of Fixed Income	MBA	27
4	Mr. Imad Ansari	Head of Risk	MBA	17
5	Mr. Ahsan Ali	Head of Research	CFA	8
6	Mr. Raza Abbas	Senior Fund Manager	M.Com	21

**22. TOP TEN BROKERS / DEALERS**

June 30, 2024	June 30, 2023
1 Intermarket Securities Limited	Intermarket Securities Limited
2 Rafi Securities (Private) Limited	KTrade Securities Limited
3 JS Global Capital Limited	Sherman Securities (Private) Limited
4 BMA Capital Management Limited	JS Global Capital Limited
5 Topline Securities (Private) Limited	Darson Securities (Private) Limited
6 Arif Habib Limited	Arif Habib Limited
7 Fortune Securities Limited	DJM Securities Limited
8 Insight Securities (Private) Limited	Chase Securities Pakistan (Private) Limited
9 DJM Securities Limited	AHM Securities (Private) Limited
10 EFG Hermes Pakistan Limited	Alfalah CLSA Securities (Private) Limited

**23. PATTERN OF UNIT HOLDING**

Category	As at June 30, 2024			
	Number of units holder	Number of units held	Investment amount (Rupees in '000)	Percentage of Investment
Individuals	196	236,096	32,691	26.20%
Associated companies	2	636,281	88,102	70.61%
Retirement funds	-	-	-	0.00%
Others	2	28,791	3,986	3.19%
	<b>200</b>	<b>901,168</b>	<b>124,779</b>	<b>100.00%</b>

Category	As at June 30, 2023			
	Number of unit holders	Number of units held	Investment amount (Rupees in '000)	Percentage of Investment
Individuals	137	618,830	57,179	55.16%
Associated companies	2	400,170	36,975	35.67%
Retirement funds	2	76,093	7,031	6.78%
Others	1	26,832	2,479	2.39%
	<b>142</b>	<b>1,121,925</b>	<b>103,664</b>	<b>100.00%</b>

**24. ATTENDANCE AT MEETINGS OF 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:



Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
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. Tariq Masaud	6	6	-	-
5 Mr. Abrar Ahmed Mir	6	6	-	-
6 Mr. Abid Sattar	6	6	-	-
7 Mr. Khalid Malik	6	6	-	-

## 25. FINANCIAL RISK MANAGEMENT

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

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

The Fund primarily invests in a portfolio of equity and money market investments such as shares of listed companies, government securities and in other money market instruments. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

### 25.1 Market risk

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

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

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

### 25.2 Currency risk

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

### 25.3 Interest rate risk

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

As at June 30, 2024 the balances that may be exposed to interest rate risk are as follows:

	2024	2023
	(Rupees in '000)	
<i>Variable rate instruments</i>		
Bank balances	8,225	-
Investments - at fair value through profit or loss	5,409	-
	<u>13,634</u>	<u>-</u>
Investments - at amortized cost through profit or loss	14,000	-
	<u>27,634</u>	<u>-</u>

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) had the interest rates on savings accounts with banks increased / (decreased) by 100 basis point is as follows:

	Effect on total comprehensive income and net assets
	<u>2024</u> <u>2023</u>
	----- (Rupees in '000) -----
100	<u><u>82</u></u> <u><u>272</u></u>
(100)	<u><u>(82)</u></u> <u><u>-272</u></u>

	Total Exposure	
	2024	2023
	----- (Rupees in '000) -----	
Sukuk bonds	19,409	7568

	Effect on total comprehensive income and net assets	
	2024	2023
	----- (Rupees in '000) -----	
Change in basis points		
- Fair value interest rate risk		
100	(47)	(84)
(100)	47	(86)
Change in basis points		
- Cash Flow interest rate risk		
100	32	(86)
(100)	(32)	(86)

The composition of the Fund's investment portfolio, KIBOR and rates announced by Financial Markets Association 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 and net income due to future movements in interest rates.

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

Sensitivity analysis for fixed rate instruments		2024	2023
		----- (Rupees in '000) -----	
Change in basis points			
100		(8)	-
(100)		8	-

Yield / Interest rate sensitivity position for financial instruments is as follows:

		2024				
		Exposed to Yield / Interest rate risk				Not exposed to Yield / Interest rate risk
		Total	Upto three months	More than three months and upto one year	More than one year	
		(Rupees in '000)				
Financial instruments						
Financial assets						
Bank balances	19-22.5	8,225	8,225	-	-	-
Investments	KIBOR+ 3M-6M 0.25-3	119,713	26,827	-	5,409	87,477
Dividend receivable and accrued mark-up		1,395	-	-	-	1,395
Advances, deposits and other receivables		4,421	-	-	-	4,421
		133,754	35,052	-	5,409	93,293
Financial liabilities						
Payable to the Management Company		301	-	-	-	301
Payable to the Trustee		23	-	-	-	23
Accrued expenses and other liabilities		2,032	-	-	-	2,032
		2,356	-	-	-	2,356
On-balance sheet gap		131,398	35,052	-	5,409	90,937
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
		2023				
		Exposed to Yield / Interest rate risk				Not exposed to Yield / Interest rate risk
		Total	Upto three months	More than three months and upto one year	More than one year	
		(Rupees in '000)				
Financial instruments						
Financial assets						
Bank balances	4-17.56	27,173	27,173	-	-	-
Investments	KIBOR+ 3M-6M 2.5-3	78,583	-	-	7,568	71,015
Dividend receivable and accrued mark-up		760	-	-	-	760
Receivable against purchase of investment		1,758	-	-	-	1,758
Advances, deposits and other receivables		3,792	-	-	-	3,792
		112,066	27,173	-	7,568	77,325
Financial liabilities						
Payable to the Management Company		320	-	-	-	320
Payable to the Trustee		19	-	-	-	19
Accrued expenses and other liabilities		1,434	-	-	-	1,434
		1,773	-	-	-	1,773
On-balance sheet gap		110,293	27,173	-	7,568	75,552
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

## 25.4 Price risk

Price 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 (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% of net assets.

### Sector wise portfolio

	30 June 2024		30 June 2023	
	Funds equity portfolio	KSE-100 benchmark portfolio	Funds equity portfolio	KSE-100 benchmark portfolio
	-----%-----		-----%-----	
Cement	13.71	11.51	11.47	10.73
Chemical	0.65	0.12	-	-
Automobile Parts & Accessories	3.66	0.33	-	-
Commercial Banks	25.58	41.25	24.73	20.29
Engineering	1.67	2.12	0.19	1.09
Fertilizer	0.81	1.20	13.21	15.84
Food & Personal Care Products	0.94	0.35	-	-
Oil & Gas Exploration Companies	19.62	23.57	23.69	39.68
Oil & Gas Marketing Companies	13.13	3.09	14.11	5.19
Pharmaceuticals	2.72	2.92	0.08	1.01
Power Generation and Distribution	10.48	8.88	9.11	6.07
Automobile Assembler	1.98	2.64	-	-
Refinery	1.94	1.17	-	-
Technology & Communication	1.12	0.03	3.42	0.11
Paper & Board	0.60	0.31	-	-
Glass & Ceramics	1.40	0.52	-	-
Total	100.00	100.00	100.00	100.00

In case of 5% increase / decrease in KSE-100 index on June 30, 2024 with all other variables held constant, other components of equity and the net assets of the Fund would increase / decrease by Rs. 4.37 million as a result of gains / losses on equity securities.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Funds equity instruments moved according to the historical correlation with the index. This represents managements best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of the index. The composition of the Funds investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, 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 the level of KSE-100 index.

## 25.5 Credit risk

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

The Fund's credit risk is primarily attributable to its investment in debt securities, balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company.

The maximum exposure to credit risk before considering any collateral as at June 30, 2024 and June 30, 2023 is the carrying amount of the financial assets. Investments in equity securities and debt securities, however, are not exposed to credit risk. None of these assets are 'impaired' nor 'past due but not impaired'.

The analysis below summarises the credit quality of the Fund's bank balances, dividend receivable and accrued markup as at June 30,;

### Balances with banks by rating category

	2024		
	Rating agency	Rating	Amount (Rupees in '000)
<b>Name of bank</b>			
Habib Bank Limited	VIS	AAA	1,160
MCB Bank Limited	PACRA	AAA	41
Zarai Taraqiati Bank Limited	VIS	AAA	1
Allied Bank Limited	PACRA	AAA	124
National Bank of Pakistan	VIS	AAA	12
Habib Metropolitan Bank Limited	PACRA	AA+	21
Dubai Islamic Bank Pakistan Limited	VIS	AA	8
JS Bank Limited	PACRA	AA-	25
Soneri Bank Limited	PACRA	AA-	6,817
Sindh Bank Limited	VIS	AA-	16
			<b>8,225</b>

### Balances with banks by rating category

	2023		
	Rating agency	Rating	Amount (Rupees in '000)
<b>Name of bank</b>			
Habib Bank Limited	VIS	AAA	2,025
MCB Bank Limited	PACRA	AAA	35
Zarai Taraqiati Bank Limited	VIS	AAA	1
Allied Bank Limited	PACRA	AAA	102
National Bank of Pakistan	VIS	AAA	11
Habib Metropolitan Bank Limited	PACRA	AA+	21
Dubai Islamic Bank Pakistan Limited	VIS	AA	8
JS Bank Limited	PACRA	AA	22
Soneri Bank Limited	PACRA	AA-	24,934
Sindh Bank Limited	VIS	A+	14
			<b>27,173</b>

			2024	2023
			----- (Rupees in '000) -----	
Investments by rating category				
Sukuk Certificates				
TPL Trakker	PACRA	A+	1,586	2,436
HUB Power Company	PACRA	AA+	3,823	5,132
OBS Pharma (Private) Limited	VIS	A	9,000	-
Lucky Electric Power Company Limited	PACRA	AA	5,000	-
			19,409	7,568
Government Securities				
Market Treasury Bills			12,827	-
Dividend receivable and accrued mark-up			1,395	760
Advances, deposits and other receivables			4,421	3,792

#### 25.5.1 Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The Fund's major bank balance is held with one Bank. Management believes that such bank is a reputed institution.

#### 25.6 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.

The Fund is exposed to daily cash redemptions of units. The Management Company manages the liquidity risk by monitoring maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at June 30, 2024			
	Total	Upto three month	Over three months and upto one year	Over one Year
<b>Financial liabilities</b>	----- (Rupees in '000) -----			
Payable to the Management Company	301	301	-	-
Payable to the Trustee	23	23	-	-
Accrued expenses and other liabilities	2,032	2,032	-	-
	<b>2,356</b>	<b>2,356</b>	-	-
Unit holders' fund	-	<b>124,779</b>	-	-
	As at June 30, 2023			
	Total	Upto three month	Over three months and upto one year	Over one Year
<b>Financial liabilities</b>	----- (Rupees in '000) -----			
Payable to the Management Company	320	320	-	-
Payable to the Trustee	19	19	-	-
Accrued expenses and other liabilities	1,434	1,434	-	-
	<b>1,773</b>	<b>1,773</b>	-	-
Unit holders' fund	-	<b>103,664</b>	-	-

## 25.7 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

## **26. UNITS HOLDERS' FUND RISK MANAGEMENT**

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable on the Fund.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## **27. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

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



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

		2024						
		Carrying amount			Fair Value			
		At Fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments	Note	----- (Rupees in '000) -----						
Financial assets measured at fair value								
Listed equity securities		87,477	-	87,477	87,477	-	-	87,477
Market Treasury Bills		12,827		12,827	-	12,827	-	12,827
Term finance certificates and sukuk bonds	27.1	5,409	-	5,409	-	5,409	-	5,409
		<u>105,713</u>	<u>-</u>	<u>105,713</u>				
Financial assets not measured at fair value 27.2								
Bank balances		-	8,225	8,225				
Term finance certificates and sukuk bonds		-	14,000	14,000				
Dividend receivable and accrued mark-up		-	1,395	1,395				
Advances, deposits and other receivables		-	4,421	4,421				
		<u>-</u>	<u>28,041</u>	<u>28,041</u>				
Financial liabilities not measured at fair value								
Payable to the Management Company		-	301	301				
Payable to the Trustee		-	23	23				
Accrued expenses and other liabilities		-	2,032	2,032				
		<u>-</u>	<u>2,356</u>	<u>2,356</u>				
		2023						
		Carrying amount			Fair Value			
		At Fair value through profit or loss	At amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments	Note	----- (Rupees in '000) -----						
Financial assets measured at fair value								
Listed equity securities		71,015	-	71,015	71,015	-	-	71,015
Term finance certificates and sukuk bonds	27.1	7,568	-	7,568	-	7,568	-	7,568
		<u>78,583</u>	<u>-</u>	<u>78,583</u>				
Financial assets not measured at fair value								
Bank balances		-	27,173	27,173				
Dividend receivable and accrued mark-up		-	760	760				
Advances, deposits and other receivable		-	3,792	3,792				
Receivable against purchase of investment		-	1,758	1,758				
		<u>-</u>	<u>33,483</u>	<u>33,483</u>				
Financial liabilities not measured at fair value								
Payable to the Management Company		-	320	320				
Payable to the Trustee		-	19	19				
Payable against purchase of investment		-	-	-				
Accrued expenses and other liabilities		-	1,434	1,434				
		<u>-</u>	<u>1,773</u>	<u>1,773</u>				

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

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

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

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

## 28. TOTAL EXPENSE RATIO

The directive 23 of 2016 dated July 20, 2016, issued by the Securities and Exchange Commission of Pakistan, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the financial statements of CIS / the Fund. Further, limit for Balanced Scheme is 4.5%. The TER for the year ended June 30, 2024, is 4.38% (2023: 4.89%) which includes 0.34% (2023: 0.44%) representing Government levy and SECP fee of the fund respectively.

## 29. DISCLOURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in 'accordance with the said circular. As at June 30, 2024, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	Limit	% of Net Assets	% of Gross Assets
----- (Rupees in '000) -----							
Deewan Cement Limited	TFC	25,000	25,000	-	-	-	-

In alignment with the preceding context, as indicated in note 7.2. The provision related to non-compliant investments was recognized in the Fund's financial statements, amounting to Rs 18.75 million for the year ended June 30, 2009, and Rs 6.25 million for the year ended June 30, 2010, as disclosed in the respective financial statements.

## 30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on 26 September 2024.

## 31. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director



**HBL** Growth Fund

## FUND INFORMATION

NAME OF FUND	HBL GROWTH FUND
NAME OF AUDITOR	A.F. Ferguson & Co.
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited.
NAME OF BANKERS	Allied Bank limited Habib Bank Limited Habib Metro Bank Limited HBL Micro Finance Bank Limited JS Bank Limited Khushali Micro Finance Bank Limited MCB Bank Limited Mobillink Micro Finance Bank Limited National Bank Limited Soneri Bank limited U Micro Finance Bank Limited Zarai Taraqiati Bank Limited

## Type and Category of Fund

Equity / Open-end

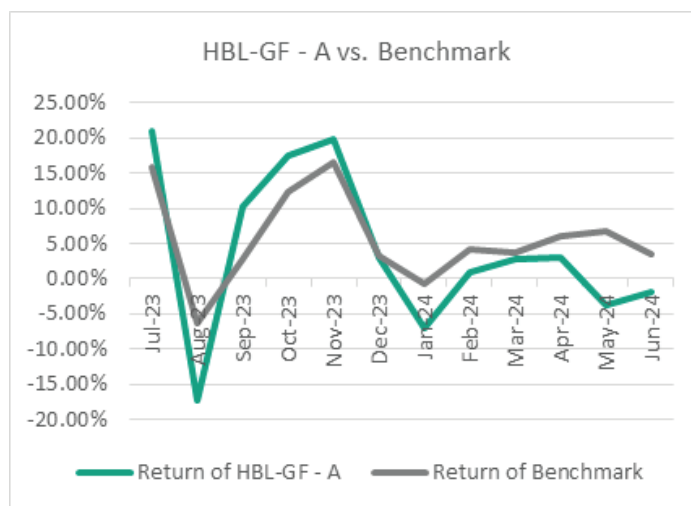
## Investment Objective and Accomplishment of Objective

The objective of HBL Growth Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations. The Collective Investment Scheme achieved its stated objective.

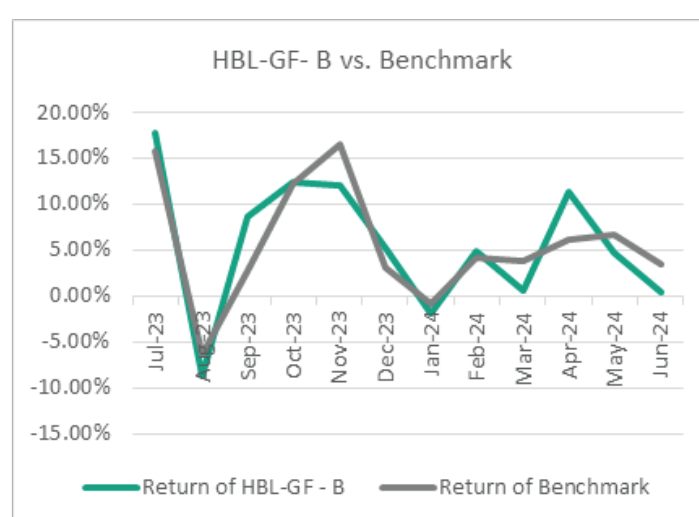
## Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KSE-100 Index.

Month	Return of Fund	
	HBL-GF - B	Benchmark
Jun-24	0.51%	3.38%
May-24	4.76%	6.72%
Apr-24	11.40%	6.12%
Mar-24	0.67%	3.76%
Feb-24	4.89%	4.19%
Jan-24	-1.97%	-0.76%
Dec-23	5.28%	3.17%
Nov-23	12.13%	16.59%
Oct-23	12.37%	12.30%
Sep-23	8.65%	2.73%
Aug-23	-8.71%	-6.31%
Jul-23	17.77%	15.88%



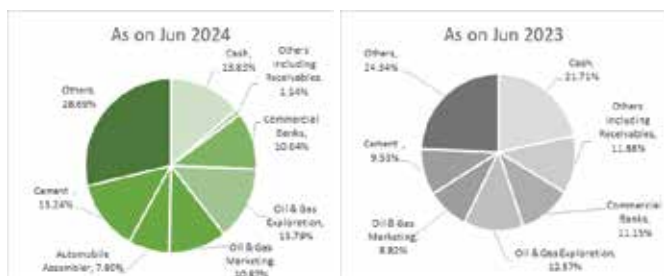
Month	Return of Fund	
	HBL-GF - A	Benchmark
Jun-24	-1.99%	3.38%
May-24	-3.79%	6.72%
Apr-24	3.07%	6.12%
Mar-24	2.84%	3.76%
Feb-24	0.89%	4.19%
Jan-24	-7.02%	-0.76%
Dec-23	3.04%	3.17%
Nov-23	19.71%	16.59%
Oct-23	17.44%	12.30%
Sep-23	10.26%	2.73%
Aug-23	-17.33%	-6.31%
Jul-23	20.97%	15.88%



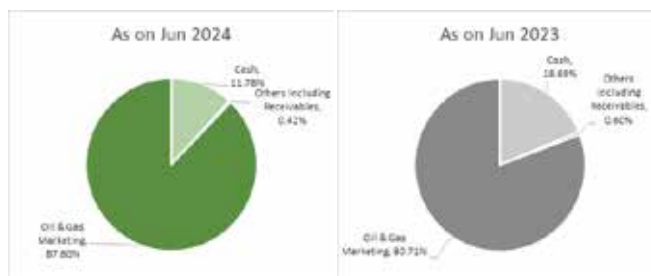
## Strategies and Policies employed during the Year

During the year under review, the Fund increased its exposure in equities for Growth Fund A and Growth Fund B from 66.41% and 80.71% on June 30, 2023 to 85.03% and 87.80% as on June 30, 2024 respectively. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in oil and gas marketing, automobile assembler, cement was increased, while exposure in commercial banks was decreased.

## Growth - B



## Growth - A



### Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2024 and June 30, 2023:

#### HBL Growth Fund – B

Sector Name	As on Jun 2024	As on Jun 2023
Cash	13.83%	21.71%
Others Including Receivables	1.14%	11.88%
Commercial Banks	10.64%	11.15%
Oil & Gas Exploration	13.79%	12.57%
Oil & Gas Marketing	10.87%	8.82%
Automobile Assembler	7.80%	0.00%
Cement	13.24%	9.53%
Others	28.69%	24.3%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Sector Name	As on Jun 2024	As on Jun 2023
Cash	11.78%	18.69%
Others Including Receivables	0.42%	0.60%
Oil & Gas Marketing	87.80%	80.71%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Fund Performance

The Fund as a whole earned a total and net income of Rs. 1.19 billion and Rs. 993 million respectively during the year under review. The fund size of the fund stood at Rs. 7.15 billion as on June 30, 2024.

Performance review of each class is presented below:

#### HBL Growth Fund – Class ‘A’

HBL Growth Fund – Class ‘A’ earned a total income and net income of Rs. 359.49 million and Rs. 221.16 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 19.9485 per unit as on June 30, 2024 as compared to Rs. 13.7476 as at June 30, 2023, after incorporating dividend of Rs. 0.75 per unit, thereby giving a return of 49.79%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Class ‘A’ was Rs. 5.66 billion as on June 30, 2024 as compared to Rs. 3.90 billion at the start of the year.

#### HBL Growth Fund – Class ‘B’

HBL Growth Fund – Class ‘B’ earned a total and net income of Rs. 832.17 million and Rs. 771.34 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 21.5925 per unit as on June 30, 2024 as compared to Rs. 12.2463 as at June 30, 2023, after incorporating dividend of Rs. 1.45, thereby giving a return of 88.16%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Class ‘B’ was Rs. 1.50 billion as on June 30, 2024 as compared to Rs. 0.91 billion at the start of the year.



## Market Review

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 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 BAHF (+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.

## Distribution

The Board of Directors approved Rs.0.75 dividend per unit to the unit holders for the year ended June 30, 2024 from HBL Growth Fund Class 'A'.

The Board of Directors approved dividend of up-to Rs. 1.45 per unit for the year ended June 30, 2024 from HBL Growth Fund Class 'B'.

## Significant Changes in the State of Affairs

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

## Breakdown of Certificate Holding by Size

From – To (No. of Certificates)	No. of Certificate Holders (Class 'A' Units)	Total No. of Certificates Held (Class 'A' Units)	No. of Certificate Holders (Class 'B' Units)	Total No. of Certificates Held (Class 'B' Units)
1 – 100	449	23,834	360	14,817
101 – 500	2,695	727,962	2,596	674,198
501 – 1,000	1,102	866,552	1,052	764,143
1,001 – 10,000	3,355	11,705,929	3,259	10,845,800
10,001 – 100,000	977	26,168,912	788	18,503,994
100,001 – 500,000	93	19,951,154	56	9,014,080
500,001 – 1,000,000	13	9,482,362	3	2,212,312
1,000,001 – 5,000,000	13	26,894,464	-	-
5,000,001 and above	14	187,678,831	2	27,384,663
<b>Total</b>	<b>8,711</b>	<b>283,500,000</b>	<b>8,116</b>	<b>69,014,007</b>

## Certificate Splits

There were no unit splits during the year.

## Circumstances materially affecting the Interest of Certificate Holders

Investments are subject to market risk.

## Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

# PERFORMANCE TABLE – HBL GROWTH FUND

As at June 30, 2024

	2024		2023		2022		2021		2020		2019	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
Net assets at the period end(Rs'000)	5,655,386	1,498,821	3,897,444	908,211	5,500,143	1,047,498	6,843,722	1,860,878	5,126,450	1,504,866	4,848,295	4,463,482
<b>NET ASSETS VALUE PER UNIT/CERTIFICATE AT 30 JUNE - RUPEES</b>	19.9485	21.5925	13.7476	12.2463	19.4009	12.8951	24.1401	19.9069	18.0827	15.2116	17.10	16.09
Redemption - Class B unit type B	-	21.5925	-	12.2463	-	12.8951	-	19.9069	-	15.2116	-	15.28
Redemption - Class B unit type C	-	21.5925	-	12.2463	-	12.8951	-	19.9069	-	15.2116	-	16.09
Offer - Class B unit type C	-	22.0805	-	12.5231	-	13.1865	-	20.3558	-	15.5554	-	16.45
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>												
Highest offer price per unit - Class B unit type C	-	23.7792	-	13.9866	-	20.5463	-	20.7254	-	20.8505	-	20.48
Lowest offer price per unit - Class B unit type C	-	13.2441	-	11.5078	-	13.1311	-	15.7388	-	13.0756	-	16.09
Highest redemption price per unit - Class B unit type B	N/A	N/A	N/A	N/A	N/A	N/A	-	20.2674	-	20.3897	-	19.25
Lowest redemption price per unit - Class B unit type B	N/A	N/A	N/A	N/A	N/A	N/A	-	15.4699	-	12.8091	-	14.95
Highest redemption price per unit - Class B unit type C	-	23.2537	-	13.6775	-	20.0922	-	20.2674	-	20.3897	-	20.03
Lowest redemption price per unit - Class B unit type C	-	12.9514	-	11.2535	-	12.8409	-	15.4699	-	12.7866	-	15.74
<b>RETURN (%)</b>												
Total return	49.62%	89.24%	-22.95%	-5.03%	-19.63%	-35.22%	33.50%	30.86%	5.74%	-2.62%	*-32.96%	*-16.21%
Income distribution	5.46%	11.84%	1.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.45%	0.00%	0.00%
Capital growth	55.08%	89.24%	-21.75%	-5.03%	-19.63%	-35.22%	33.50%	30.86%	5.74%	-3.07%	*-32.96%	*-16.21%
<b>DISTRIBUTION</b>												
First Interim dividend distribution	0.75	1.45	1.20%	-	-	-	-	-	-	0.45	-	-
Date of Income Distribution	28-06-24	28-06-24	30-06-2023	-	-	-	-	-	-	26-Jun-20	-	-
Total dividend distribution for the year/ period	0.75	1.45	0.012	-	-	-	-	-	-	0.45	-	-
<b>AVERAGE RETURNS (%)</b>												
Average annual return 1 year	49.62%	89.24%	-22.95%	-5.03%	-19.63%	-35.22%	33.50%	30.86%	5.74%	-2.62%	-32.96%	-16.21%
Average annual return 2 year	7.37%	34.06%	-21.31%	-21.56%	3.58%	-7.93%	18.81%	12.89%	-15.80%	-9.67%	N/A	N/A
Average annual return 3 year	-2.51%	5.20%	-6.15%	-6.97%	4.30%	-6.19%	-1.82%	2.21%	N/A	N/A	N/A	N/A
<b>PORTFOLIO COMPOSITION - (%)</b>												
Percentage of Total Assets as at 30 June:												
Bank Balances	11.12%	13.83%	19%	22%	8%	21%	3%	17%	5%	17%	3%	16%
GoP Ijarah Sukuks	-	-	-	-	-	-	-	-	-	-	-	-
Placement with Banks and DFIs	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Sukuks	-	-	-	-	-	-	-	-	-	-	-	-
Stock / Equities	87.80%	85.03%	81%	66%	91%	78%	96%	80%	94%	82%	94%	84%
Others	0.42%	1.14%	1%	12%	0%	1%	0%	3%	0%	1%	4%	0%

## Note:

The Fund converted to open end fund on July 02, 2018

\* Since conversion from Closed-End to Open-End

## Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



## Summary of Actual Proxy voted by CIS

HBL HGF	Meetings	Resolutions	For	Against
Number	9	13	13	-
(%ages)	-	-	-	-

## (h) AMC did not participate in shareholders' meetings

Scrip	AGM Meeting Dt	EOGM Meeting Dt	ARM
Air Link Communication Ltd	28-Oct-23		
Attock Refinery Ltd	9-Oct-23		
Baluchistan Wheels Ltd.			
Bank Al-Habib Limited	6-Mar-24		
BankIslami Pakistan Limited	28-Mar-24		
Century Paper & Board Mills Ltd	25-Sep-2023 & 17-Oct-2023		
Cherat Cement Company Ltd.	25-Oct-23	21-Mar-24	
D G Khan Cement Co.Ltd.			
Engro Corporation Ltd	25-Apr-24	26-Jun-24	
Engro Fertilizers Limited	26-Mar-24		
Fauji Cement Company Limited			
Fauji Fertilizer Bin Qasim Ltd		18 Aug 2023 & 25 March 2024	
Faysal Bank Limited	6-Mar-24		
Gul Ahmed Textile Mills Ltd			
Habib Bank Ltd	27-Mar-24	30-May-24	
Honda Atlas Cars (Pakistan) Ltd	27-Jun-24	25-Apr-24	
Hub Power Company Ltd	16-Oct-23		
International Steels Limited	26-Sep-23		
Jubilee Life Insurance Company Ltd			
Kot Addu Power Company Ltd	24-Oct-23		
Lalpir Power Limited			
Lucky Cement Ltd	26-Sep-23	23-Nov-23	
Maple Leaf Cement Factory Ltd	19-Oct-23		
MCB Bank Ltd	26 Sep 2023 & 27 March 2024		
Meezan Bank Ltd	29-Mar-24		
Mughal Iron & Steel Inds Ltd		19-Sep-23	
Murree Brewery Company Limited	20-Oct-23		
National Refinery Ltd	23-Oct-23		
Netsol Technologies	25-Oct-23		
Nishat Chunian Power Ltd	25-Sep-23	23-Oct-23	
Nishat Mills Ltd	25-Oct-23		
Nishat Power Limited			
Oil & Gas Development Co Ltd	26-Oct-2023 & 30-Oct-2023		
Pak Suzuki Motor Company Limited	29-Apr-24	07-May-24	

Scrip	AGM Meeting Dt	EOGM Meeting Dt	ARM
Pakistan Petroleum Ltd	25-Oct-2023 & 30-Oct-2023		
Pakistan State Oil Company Ltd	26-Oct-23		
Pioneer Cement Limited	27-Oct-23		
Sazgar Engineering Works Limited	26-Oct-23		
Shell Pakistan Ltd	25-Apr-24		
Sui Northern Gas Pipeline Ltd	1-Aug-23	30-Sep-23	
Systems Limited	1 Aug 2023 & 19 April 2024	30 Sep 2023 & 26 Dec 2023	
Tariq Glass Industries Ltd	27-Oct-23	1 Sep 2023 & 15 Feb 2024	
Telecard Ltd		13 Nov 2023 & 16 Jan 2024-26 June 2024	
TPL Insurance Limited	25-Apr-24	27-Jun-23	26-Sep-23
TPL Properties Limited	23-Oct-23		4-Oct-23
TPL Trakker Limited	23-Oct-23	21-Jun-24	
United Bank Limited			
Unity Foods 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.cdc-pakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL GROWTH FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Growth Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 27, 2024





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## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of HBL Growth Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of HBL Growth 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 movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2024 amounted to Rs. 945,412 million and Rs. 6,725,021 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>obtained independent confirmations for verifying the existence of the bank balances and investment portfolio as at June 30, 2024 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <[www.pwc.com/pk](http://www.pwc.com/pk)>

■ KARACHI ■ LAHORE ■ ISLAMABAD





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### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

### Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

At/Co



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

*A.F. Ferguson & Co.*

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: September 27, 2024

UDIN: AR202410061VAGKIFNml

**HBL Growth Fund**  
**Statement of Assets and Liabilities**  
AS AT JUNE 30, 2024

		2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
Note		Rupees in '000					
ASSETS							
Bank balances	4	694,513	250,899	945,412	794,036	271,151	1,065,187
Investments	5	5,177,387	1,547,634	6,725,021	3,427,984	829,835	4,257,819
Dividend and profit receivable	6	23,590	5,175	28,765	24,327	4,105	28,432
Advance and deposits	7	1,236	4,835	6,071	1,216	4,128	5,344
Receivable from HBL Asset Management Limited - Management Company	8	-	11,157	11,157	-	5,895	5,895
Receivable against sale of investments		-	-	-	-	134,606	134,606
Total assets		5,896,726	1,819,700	7,716,426	4,247,563	1,249,720	5,497,283
LIABILITIES							
Payable to HBL Asset Management Limited - Management Company	9	10,836	5,731	16,567	7,716	4,439	12,155
Payable to Central Depository Company of Pakistan Limited - Trustee	10	638	255	893	481	185	666
Payable to the Securities and Exchange Commission of Pakistan	11	457	120	577	987	189	1,176
Payable against purchase of investments		-	-	-	-	76,614	76,614
Accrued expenses and other liabilities	12	27,244	143,307	170,551	40,477	128,341	168,818
Dividend payable		202,165	39,819	241,984	300,458	-	300,458
Unclaimed dividend		-	131,647	131,647	-	131,741	131,741
Total liabilities		241,340	320,879	562,219	350,119	341,509	691,628
NET ASSETS		5,655,386	1,498,821	7,154,207	3,897,444	908,211	4,805,655
UNIT HOLDERS' FUND		5,655,386	1,498,821	7,154,207	3,897,444	908,211	4,805,655
(AS PER STATEMENT ATTACHED)							
CONTINGENCIES AND COMMITMENTS							
	13	-----Number of units-----			-----Number of units-----		
NUMBER OF UNITS IN ISSUE	18	283,500,000	69,414,008		283,500,000	74,162,156	
		-----Rupees-----			-----Rupees-----		
NET ASSET VALUE PER UNIT		19.9485	21.5925		13.7476	12.2463	

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

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

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

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

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

**HBL Growth Fund**  
**Income Statement**  
For the year ended June 30, 2024

	Note	2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
		Rupees in '000					
INCOME							
Dividend income		220,104	104,499	324,603	347,983	78,019	426,002
Profit on savings accounts with banks		139,385	61,981	201,366	112,854	45,044	157,898
Income from government securities - Market Treasury Bills		-	-	-	10,890	193	11,083
Gain / (loss) on sale of investments - net		-	359,832	359,832	(97)	(104,554)	(104,651)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.1.2.2	-	305,854	305,854	-	(22,019)	(22,019)
		-	665,686	665,686	(97)	(126,573)	(126,670)
Total income / (loss)		359,489	832,166	1,191,655	471,630	(3,317)	468,313
EXPENSES							
Remuneration of HBL Asset Management Limited - Management Company	9.1 & 9.2	93,442	35,728	129,170	83,642	21,334	104,976
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	30,321	5,206	35,527	27,141	5,192	32,333
Selling and marketing expense	9.4	-	8,646	8,646	-	9,912	9,912
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 & 10.2	7,191	1,828	9,019	6,528	1,240	7,768
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	5,224	1,215	6,439	987	189	1,176
Securities transaction costs		-	17,475	17,475	-	13,436	13,436
Auditors' remuneration	14	1,175	311	1,486	601	209	810
Fees and subscription		715	1,226	1,941	1,736	886	2,622
Settlement and bank charges		257	345	602	29	312	341
Reimbursement from HBL Asset Management Limited - Management Company		-	(11,157)	(11,157)	-	(5,895)	(5,895)
Total expenses		138,325	60,823	199,148	120,664	46,815	167,479
Net income / (loss) for the year before taxation		221,164	771,343	992,507	350,966	(50,132)	300,834
Taxation	16	-	-	-	-	-	-
Net income / (loss) for the year after taxation		221,164	771,343	992,507	350,966	(50,132)	300,834
Earnings / (loss) per unit	17						
Allocation of income for the year							
Net income for the year after taxation		221,164	771,343		350,966	-	
Income already paid on redemption of units		-	(86,114)		-	-	
		221,164	685,229		350,966	-	
Accounting income available for distribution							
- Relating to capital gains		-	585,858		-	-	
- Excluding capital gains		221,164	99,371		350,966	-	
		221,164	685,229		350,966	-	

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

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

Chief Financial Officer

Chief Executive Officer

Director



# **HBL Growth Fund** **Statement of Comprehensive Income** *For the year ended June 30, 2024*

		2024			2023			
		Class A	Class B	Total	Class A	Class B	Total	
Note		Rupees in '000						
	Net income / (loss) for the year after taxation	221,164	771,343	992,507	350,966	(50,132)	300,834	
	Items that will not be reclassified to income statement							
	Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through other comprehensive income'	5.1.1.2	1,749,403	-	1,749,403	(1,613,465)	-	(1,613,465)
	Total comprehensive income / (loss) for the year		1,970,567	771,343	2,741,910	(1,262,499)	(50,132)	(1,312,631)

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

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

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

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

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

**HBL Growth Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2024

2024							
Class A					Class B		
Capital value	Accumulated losses	Unrealised appreciation / (diminution) on revaluation	Premium on issue of certificates	Total	Capital value	Undistributed income	Total

Rupees in '000-

**Net assets at beginning of the year** 2,835,000 (2,952,975) 2,007,607 2,007,812 3,897,444 (603,409) 1,511,620 908,211

Issuance of Class A: nil units (2023: nil units) and Class B: 8,220,762 units (2023: 126,588 units)

- Capital value (at net asset value per unit at the beginning of the year)

- Element of income

**Total proceeds on issuance of units**

-	-	-	-	-	100,674	-	100,674
-	-	-	-	-	73,246	-	73,246
					173,920	-	173,920

Redemption of Class A: nil units (2023: nil units) and Class B: 12,968,910 units (2023: 7,196,831 units)

- Capital value (at net asset value per unit at the beginning of the year)

- Element of loss

**Total payments on redemption of units**

-	-	-	-	-	(158,821)	-	(158,821)
-	-	-	-	-	(11,886)	(86,114)	(98,000)
-	-	-	-	-	(170,707)	(86,114)	(256,821)

Total comprehensive income for the year

Distribution for the year ended June 30, 2024 (cash distribution @ Re. 0.75 per unit declared on June 25, 2024) of Class A

Distribution for the year ended June 30, 2024 (cash distribution @ Rs. 1.45 per unit declared on June 28, 2024) of Class B

Refund of capital

Net income for the year less distribution and refund of capital

-	221,164	1,749,403	-	1,970,567	-	771,343	771,343
-	(212,625)	-	-	(212,625)	-	-	-
-	-	-	-	-	-	(97,693)	(97,693)
-	-	-	-	-	(139)	-	(139)
-	8,539	1,749,403	-	1,757,942	(139)	673,650	673,511

**Net assets at the end of the year**

2,835,000	(2,944,436)	3,757,010	2,007,812	5,655,386	(600,335)	2,099,156	1,498,821
-----------	-------------	-----------	-----------	-----------	-----------	-----------	-----------

**Accumulated (loss) / undistributed income brought forward comprising of:**

- Realised (loss) / income

- Unrealised loss

(2,952,975)  
-  
(2,952,975)

1,533,639  
(22,019)  
1,511,620

**Accounting income available for distribution:**

- Relating to capital gains  
- Excluding capital gains

-  
221,164

585,858  
99,371

**Net income available for distribution**

Distribution for the year

**Accumulated (loss) / undistributed income carried forward**

221,164  
(212,625)  
(2,944,436)

685,229  
(97,693)  
2,099,156

**Accumulated (loss) / undistributed income carried forward comprising of:**

- Realised (loss) / income

- Unrealised income

(2,944,436)  
-  
(2,944,436)

1,793,302  
305,854  
2,099,156

(Rupees)

(Rupees)

**Net asset value per unit at the beginning of the year**

**Net asset value per unit at the end of the year**

13.7476  
19.9485

12.2463  
21.5925

**Note:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

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

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Growth Fund

## Statement Of Movement In Unit Holders' Fund

For the year ended June 30, 2024

2023								
Class A					Class B			
Capital value	Accumulated losses	Unrealised appreciation / (diminution) on revaluation of fair value	Premium on issue of certificates	Total	Capital value	Undistributed income	Total	
Rupees in '000								
Net assets at beginning of the year	2,835,000	(2,963,741)	3,621,072	2,007,812	5,500,143	(514,254)	1,561,752	1,047,498
Issuance of Class A: nil units (2022: nil units) and Class B: 126,588 units (2022: 3,612,469 units)								
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	1,632	-	1,632
- Element of loss	-	-	-	-	-	(149)	-	(149)
<b>Total proceeds on issuance of units</b>	-	-	-	-	-	1,483	-	1,483
Redemption of Class A: nil units (2022: nil units) and Class B: 7,196,831 units (2022: 15,863,849 units)								
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	(92,804)	-	(92,804)
- Element of income	-	-	-	-	-	2,166	-	2,166
<b>Total payments on redemption of units</b>	-	-	-	-	-	(90,638)	-	(90,638)
Total comprehensive income / (loss) for the year	-	350,966	(1,613,465)	-	(1,262,499)	-	(50,132)	(50,132)
Distribution for the year ended June 30, 2023 (cash distribution @ Rs. 1.20 per unit declared on June 27, 2023)	-	(340,200)	-	-	(340,200)	-	-	-
Total comprehensive income / (loss) for the year less distribution	-	10,766	(1,613,465)	-	(1,602,699)	-	(50,132)	(50,132)
<b>Net assets at the end of the year</b>	<b>2,835,000</b>	<b>(2,952,975)</b>	<b>2,007,607</b>	<b>2,007,812</b>	<b>3,897,444</b>	<b>(603,409)</b>	<b>1,511,620</b>	<b>908,211</b>
<b>Accumulated (loss) / undistributed income brought forward comprising of:</b>								
- Realised (loss) / income		(2,963,741)				2,005,914		
- Unrealised gain		-				(444,162)		
		(2,963,741)				1,561,752		
<b>Accounting income available for distribution:</b>								
- Relating to capital gains		-				-		
- Excluding capital gains		350,966				-		
<b>Net income available for distribution</b>		350,966				-		
Net loss for the year after taxation		-				(50,132)		
Distribution for the year		(340,200)				-		
<b>Accumulated (loss) / undistributed income carried forward</b>		<b>(2,952,975)</b>				<b>1,511,620</b>		
<b>Accumulated (loss) / undistributed income carried forward comprising of:</b>								
- Realised (loss) / income		(2,952,975)				1,533,639		
- Unrealised loss		-				(22,019)		
		<b>(2,952,975)</b>				<b>1,511,620</b>		
				(Rupees)		(Rupees)		
Net asset value per unit at the beginning of the year				19.4009		12.8951		
Net asset value per unit at the end of the year				13.7476		12.2463		

**Note:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Growth Fund**  
**Statement of Cash Flow**  
For the year ended June 30, 2024

	Note	2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
		Rupees in '000					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Net income / (loss) for the year before taxation		221,164	771,343	992,507	350,966	(50,132)	300,834
<b>Adjustments for:</b>							
Dividend income		(220,104)	(104,499)	(324,603)	(347,983)	(78,019)	(426,002)
Profit on savings accounts with banks		(139,385)	(61,981)	(201,366)	(112,854)	(45,044)	(157,898)
Income from government securities -							
Market Treasury Bills		-	-	-	(10,890)	(193)	(11,083)
Gain / (loss) on sale of investments - net		-	(359,832)	(359,832)	97	104,554	104,651
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.1.2.2	-	(305,854)	(305,854)	-	22,019	22,019
		(138,325)	(60,823)	(199,148)	(120,664)	(46,815)	(167,479)
<b>(Increase) / decrease in assets</b>							
Investments		-	5,879	5,879	(97)	18,821	18,724
Advance and deposits		(20)	(707)	(727)	(10)	(1)	(11)
Receivable from HBL Asset Management Limited - Management Company		-	(5,262)	(5,262)	-	(5,895)	(5,895)
		(20)	(90)	(110)	(107)	12,925	12,818
<b>Decrease / (increase) in liabilities</b>							
Payable to HBL Asset Management Limited - Management Company		3,120	1,292	4,412	(2,116)	(4,559)	(6,675)
Payable to Central Depository Company of Pakistan Limited - Trustee		157	70	227	(107)	(91)	(198)
Payable to the Securities and Exchange Commission of Pakistan		(530)	(69)	(599)	(192)	(113)	(305)
Accrued expenses and other liabilities		(13,233)	14,966	1,733	293	1,517	1,810
Unclaimed dividend		-	(94)	(94)	-	(226)	(226)
		(10,486)	16,165	5,679	(2,122)	(3,472)	(5,594)
Dividend received		218,394	103,069	321,463	345,702	77,916	423,618
Profit received on savings accounts with banks		141,832	62,341	204,173	104,884	43,578	148,462
Income received on government securities - Market Treasury Bills		-	-	-	10,890	193	11,083
<b>Net cash generated from operating activities</b>		211,395	120,662	332,057	338,583	84,325	422,908
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Receipts against issuance and conversion of units		-	173,920	173,920	-	1,483	1,483
Payment against redemption and conversion of units		-	(256,821)	(256,821)	-	(90,638)	(90,638)
Refund of capital		-	(139)	(139)	-	-	-
Cash dividend paid		(310,918)	(57,874)	(368,792)	-	-	-
<b>Net cash used in financing activities</b>		(310,918)	(140,914)	(451,832)	-	(89,155)	(89,155)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(99,523)	(20,252)	(119,775)	338,583	(4,830)	333,753
Cash and cash equivalents at beginning of the year		794,036	271,151	1,065,187	455,453	275,981	731,434
<b>Cash and cash equivalents at end of the year</b>	4	694,513	250,899	945,412	794,036	271,151	1,065,187

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

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

Chief Financial Officer

Chief Executive Officer

Director

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 HBL Growth Fund (The Fund), an Open End Scheme that was initially constituted as a Closed End Fund under the name of PICIC Investment Fund vide a registered Trust Deed 'Initial Trust Deed' dated April 02, 2004 , as amended vide First Supplemental Trust Deed dated June 28, 2004. The Fund has been converted into an Open End Scheme through a registered Restated Trust Deed (the Deed) dated April 24, 2018 under the Trusts Act, 1882 entered into and between HBL Asset Management Limited ("the Management Company") and Central Depository Company of Pakistan Limited ("the Trustee"). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the "Sindh Trust Act, 2020".
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4 As per Regulation 65 of the NBFC Regulations, all closed end funds were required to be converted into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However, closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has Frozen Portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.
- 1.5 The Board of the Management Company of the Fund in its meeting held on November 23, 2017 approved the conversion plan of the Fund for the conversion of the Fund into an Open End Scheme, with the approval of the certificate holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the plan was presented to and approved by the certificate holders of the Fund in its general meeting dated January 10, 2018. The plan was also approved by the SECP on February 16, 2018.
- 1.6 The replacement trust deed and replacement offering document were approved by the SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved Plan, the conversion took place on July 2, 2018 and every certificate holder of the closed end fund was entitled to following for each certificate held:
- One Class-A unit of the Fund was issued to every certificate holder of the Fund for each certificate held representing frozen portfolio and related assets and liabilities.
  - One Class-B unit of the Fund was issued to the every certificate holder of the Fund for each certificate held representing unfrozen portfolio and related assets and liabilities.
- 1.7 The plan also envisages that Class-A units would not be redeemable and would be traded on the Pakistan Stock Exchange. Whereas Class-B units can be redeemed at the redemption price.
- 1.8 VIS Credit Rating Company Limited (VIS) has maintained the Management Quality Rating to AM-I dated December 29, 2023 (2023: AM-I dated December 30, 2022) and the outlook on the rating has been assigned as 'Stable' (2023: 'Stable').
- 1.9 The 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**

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

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

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

### **2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and, therefore, have not been disclosed in these financial statements except for the following:

During the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that these provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

### **2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet**

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or will not have any material effect on the Fund's financial statements except for the following:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB, IFRS 18 is yet to be applicable in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

## **2.4 Significant accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5) and provision for Federal excise duty (note 12.1).

## **2.5 Accounting convention**

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values.

## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

# **3 MATERIAL ACCOUNTING POLICY INFORMATION**

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

## **3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

## **3.2 Financial assets**

### **3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

### **3.2.2 Classification and subsequent measurement**

#### **3.2.2.1 Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognised in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVTPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

### **3.2.2.2 Impairment**

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

### **3.2.2.3 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

### **3.2.2.4 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### **3.2.2.5 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.



### **3.3 Financial liabilities**

Financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognized at fair value and subsequently stated at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

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

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

### **3.5 Provisions**

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

### **3.6 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 circulation at the year end.

### **3.7 Issue and redemption of units**

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

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### **3.8 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

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

### 3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised appreciation / (diminution) 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 these arise.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on saving accounts with bank and income from government securities are recognised on a time proportion basis using the effective yield method.

### 3.12 Expenses

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

### 3.13 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash.

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

### 3.14 Earnings per unit

Earnings per unit (EPU) is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 17.

### 3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

		Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
4	BANK BALANCES		-----Rupees in '000-----					
	Saving accounts	4.1	694,513	250,899	945,412	794,036	271,151	1,065,187

- 4.1 These include a balance of Rs. 2.309 million (2023: Rs. 1.935 million) with Habib Bank Limited (a related party) carrying profit at the rate ranging from 19% to 21.15% to (2023: 14.5% to 19.5%) per annum, Rs. 704.536 million (2023: Rs. 756.903 million) with HBL Microfinance Bank Limited (a related party) carrying profit at the rate ranging from 20.25% to 22.95% (2023: 11.25% to 22.25%) and Rs. 163.662 million (2023: Rs. 240.726 million) with MCB Bank Limited (a related party) carrying profit at the rate of 18% (2023: 8% to 18%). Other saving accounts of the Fund carry profit at the rates ranging from 19.50% to 21.50% (2023: 8% to 21.85%) per annum.

Note	2024			2023		
	Class A	Class B	Total	Class A	Class B	Total
5	-----Rupees in '000-----					

**At fair value through other comprehensive income**

- Quoted equity securities 5.1.1 & 5.1.4 5,177,387 - 5,177,387 3,427,984 - 3,427,984

**At fair value through profit or loss**

- Quoted equity securities 5.1.2, 5.1.3 & 5.1.4 - 1,547,634 1,547,634 - 829,835 829,835

5,177,387	1,547,634	6,725,021	3,427,984	829,835	4,257,819
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**5.1 Quoted equity securities**

**5.1.1 Class A - At fair value through other comprehensive income**

Name of the Investee Company	As at July 1, 2023	Purchased during the year	Bonus / rights issue	Sold during the year	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation / (diminution) as at June 30, 2024	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									total market value of investments of Class A	net assets of the Fund of Class A	
<div>(Number of shares) (Rupees in '000) (%)</div>											
CLASS A											
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited (5.1.4)	27,364,904	-	-	-	27,364,904	1,307,982	4,548,320	3,240,338	87.85%	80.42%	5.83%
Sui Northern Gas Pipeline Limited	9,911,246	-	-	-	9,911,246	112,395	629,067	516,672	12.15%	11.12%	1.56%
						1,420,377	5,177,387	3,757,010	100%	92%	
Total as at June 30, 2024						1,420,377	5,177,387	3,757,010			
Total as at June 30, 2023						1,420,377	3,427,984	2,007,607			

- 5.1.1.1 The above mentioned Class A shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, does not apply to the above frozen shares.

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

Market value of investments  
Less: cost of investments

Note	Class A	
	2024	2023
	----- Rupees in '000 -----	
5.1.1	5,177,387	3,427,984
5.1.1	(1,420,377)	(1,420,377)
	3,757,010	2,007,607

Add: changes in fair value of investments disposed of during the year  
Less: net unrealised appreciation in the fair value of investments at the beginning of the year  
Less: amount of appreciation pertaining to disposed of securities

-	-
2,007,607	3,621,072
-	-
2,007,607	3,621,072
1,749,403	(1,613,465)

## 5.1.2 Class B - At fair value through profit or loss

Name of the Investee Company	As at July 1, 2023	Purchased during the year	Bonus / rights issue	Sold during the year	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation / (diminution) as at June 30, 2024	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									total market value of investments of Class B	net assets of the Fund of Class B	
<div><div>(Number of shares)</div><div>(Rupees in '000)</div><div>(%)</div></div>											
Insurance											
TPL Insurance Limited (note 5.1.4)	386,675	-		195,038	191,637	3,969	2,748	(1,221)	0.18%	0.18%	0.10%
Jubilee Life Insurance Company Limited	-	122,500	-	-	122,500	16,534	15,491	(1,043)	1.00%	1.03%	0.06%
						20,503	18,239	(2,264)	1.18%	1.22%	
Cement											
Cherat Cement Company Limited	311,000	1,136,334	-	1,447,334	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited (note 5.1.3)	-	5,196,121	-	4,098,621	1,097,500	78,260	99,071	20,811	6.40%	6.61%	0.25%
Maple Leaf Cement Factory Limited (note 5.1.3)	2,883,000	6,547,152	-	7,546,152	1,884,000	54,292	71,592	17,300	4.63%	4.78%	0.18%
Fauji Cement Company Limited	-	2,110,000	-	116,000	1,994,000	41,077	45,683	4,606	2.95%	3.05%	0.08%
Lucky Cement Limited	-	175,582	-	175,582	-	-	-	-	-	-	-
Pioneer Cement Limited	-	1,173,619	-	1,026,619	147,000	15,050	24,792	9,742	1.60%	1.65%	0.06%
						188,679	241,138	52,459	15.58%	16.09%	
Balance carried forward						209,182	259,377	50,195			
Balance brought forward						209,182	259,377	50,195			
Pharmaceuticals											
The Searle Company Limited (note 5.1.4)	4,907	-	981	-	5,888	188	280	92	0.02%	0.02%	0.00%
						188	280	92	0.02%	0.02%	
Property											
TPL Properties Limited	-	4,098,266	-	1,600,000	2,498,266	27,640	21,835	(5,805)	1.41%	1.46%	0.44%
						27,640	21,835	(5,805)	1.41%	1.46%	
Oil & gas exploration companies											
Oil & Gas Development Company Limited (note 5.1.3)	1,007,500	3,222,000	-	3,268,500	961,000	110,391	130,091	19,700	8.41%	8.68%	0.02%
Pakistan Petroleum Limited (note 5.1.3)	1,328,000	3,486,616	-	3,782,116	1,032,500	99,305	120,916	21,611	7.81%	8.07%	0.04%
						209,696	251,007	41,311	16.22%	16.75%	
Refinery											
Attock Refinery Limited	-	2,119,232	-	1,960,732	158,500	52,293	55,727	3,434	3.60%	3.72%	0.15%
National Refinery Limited	-	2,110,381	-	1,816,381	294,000	76,686	78,051	1,365	5.04%	5.21%	0.37%
						128,979	133,778	4,799	8.64%	8.93%	
Commercial banks											
Faysal Bank Limited (note 5.1.4)	17,250	175,000	-	175,000	17,250	457	905	448	0.06%	0.06%	0.00%
MCB Bank Limited	-	356,467	-	356,467	-	-	-	-	-	-	-
Bank AL Habib Limited	2,500	1,291,500	-	1,294,000	-	-	-	-	-	-	-
Habib Bank Limited (note 5.1.3)	573,000	3,875,240	-	4,151,240	297,000	31,063	36,837	5,774	2.38%	2.46%	0.02%
Meezan Bank Limited (note 5.1.3)	-	1,739,124	-	1,594,124	145,000	18,401	34,712	16,311	2.24%	2.32%	0.01%
BankIslami Pakistan Limited	3,437,000	4,845,767	-	8,282,767	-	-	-	-	-	-	-
United Bank Limited (note 5.1.3)	305,000	1,029,517	-	861,617	472,900	71,771	121,176	49,405	7.83%	8.08%	0.04%
						121,692	193,630	71,938	12.51%	12.92%	
Fertilizer											
Engro Corporation Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
Engro Fertilizers Limited	1,030,328	1,252,000	-	1,497,328	785,000	96,864	130,482	33,618	8.43%	8.71%	0.06%
Fauji Fertilizer Bin Qasim Limited	-	26,000	-	26,000	-	-	-	-	-	-	-
						96,864	130,482	33,618	8.43%	8.71%	
Technology & communication											
Telecard Limited	-	750,000	-	750,000	-	-	-	-	-	-	-
Air Link Communication Limited	-	1,207,500	-	1,207,500	-	-	-	-	-	-	-
NetSol Technologies Limited	-	306,000	-	-	306,000	44,442	41,542	(2,900)	2.68%	2.77%	0.34%
Systems Limited	40,268	-	-	40,268	-	-	-	-	-	-	-
TPL Trakker Limited	10,544,000	1,081,500	-	-	11,625,500	101,791	72,078	(29,713)	4.66%	4.81%	6.21%
						146,233	113,620	(32,613)	7.34%	7.58%	
Textile composite											
Nishat Mills Limited	-	947,936	-	947,936	-	-	-	-	-	-	-
Gul Ahmed Textile Mills Limited	-	650,000	-	650,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Power generation & distribution											
The Hub Power Company Limited (note 5.1.3)	910,000	2,412,279	-	2,684,779	637,500	62,032	103,963	41,931	6.72%	6.94%	0.05%
Kot Addu Power Company Limited	-	1,640,000	-	1,640,000	-	-	-	-	-	-	-
Nishat Chunian Power Limited	-	5,066,500	-	5,066,500	-	-	-	-	-	-	-
Lalpir Power Limited	-	713,000	-	713,000	-	-	-	-	-	-	-
Nishat Power Limited	-	3,252,900	-	3,252,900	-	-	-	-	-	-	-
						62,032	103,963	41,931	6.72%	6.94%	
Engineering											
International Steels Limited	-	786,051	-	786,051	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	785,769	400,436	-	1,186,205	-	-	-	-	-	-	-
						-	-	-	-	-	-
Automobile assembler											
Honda Atlas Cars (Pakistan) Limited	-	932,471	-	717,971	214,500	52,475	60,794	8,319	3.93%	4.06%	0.15%
Pak Suzuki Motor Company Limited	-	39,000	-	39,000	-	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	1,247,439	-	1,149,939	97,500	29,601	81,165	51,564	5.24%	5.42%	0.16%
						82,076	141,959	59,883	9.17%	9.47%	
Balance carried forward						1,084,582	1,349,931	265,349			

# HBL Growth Fund

## Notes to the financial statements

*For the year ended June 30, 2024*

Name of the Investee Company	As at July 1, 2023	Purchased during the year	Bonus / rights issue	Sold during the year	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation / (diminution) as at June 30, 2024	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									total market value of investments of Class B	net assets of the Fund of Class B	
									(Number of shares)	(Rupees in '000)	(%)
<b>Balance brought forward</b>						<b>1,084,582</b>	<b>1,349,931</b>	<b>265,349</b>			
<b>Oil &amp; gas marketing companies</b>											
Pakistan State Oil Company Limited (note 5.1.3)	634,000	956,128	-	969,628	620,500	76,118	103,133	27,015	6.66%	6.88%	0.13%
Shell Pakistan Limited	-	1,000,310	-	1,000,310	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	1,013,000	5,209,397	-	4,732,397	1,490,000	81,080	94,570	13,490	6.11%	6.31%	0.23%
						157,198	197,703	40,505	12.77%	13.19%	
<b>Automobile parts &amp; accessories</b>											
Balouchistan Wheels Limited	-	2,000	-	2,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Paper &amp; board</b>											
Century Paper & Board Mills Limited	-	1,433,000	-	1,433,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Glass &amp; ceramics</b>											
Tariq Glass Industries Limited	-	75,000	-	75,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Food &amp; personal care products</b>											
Unity Foods Limited	-	450,000	-	450,000	-	-	-	-	-	-	-
Murree Brewery Company Limited	-	187,200	-	187,200	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>Total as at June 30, 2024</b>						<b>1,241,780</b>	<b>1,547,634</b>	<b>305,854</b>			
<b>Total as at June 30, 2023</b>						<b>851,854</b>	<b>829,835</b>	<b>(22,019)</b>			

5.1.2.1 All shares have a face value of Rs. 10 each.

		Class B	
		2024	2023
		----- Rupees in '000 -----	
5.1.2.2	Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	Note	
	Market value of investments	5.1.2	1,547,634 829,835
	Less: carrying value of investments	5.1.2	(1,241,780) (851,854)
			305,854 (22,019)

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

	2024		2023	
	Number of shares	Rupees in '000	Number of shares	Rupees in '000
Habib Bank Limited	15,000	1,860	150,000	10,985
The Hub Power Company Limited	269,000	43,869	33,000	2,296
D.G. Khan Cement Company Limited	20,000	1,805	-	-
Meezan Bank Limited	140,000	33,515	-	-
Oil and Gas Development Company Limited	400,000	54,148	50,000	3,900
Pakistan State Oil Company Limited	120,000	19,945	-	-
TPL Trakker Limited	-	-	40,000	354
United Bank Limited	10,000	2,562	202,500	23,802
Pakistan Petroleum Limited	200,000	23,422	200,000	11,828
Maple Leaf Cement Factory Limited	30,000	1,140	200,000	5,666
Mughal Iron & Steel Industries Limited	-	-	61,000	2,955
	1,204,000	182,266	936,500	61,786

**5.14** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only be released if the Fund deposit tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. Subsequent to the year ended June 30, 2019, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

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

As at June 30, 2024, the following bonus shares of sub fund A and sub fund B have been withheld by certain companies at the time of declaration of bonus shares respectively.

Name of the Company	Class A			
	2024		2023	
	Bonus shares			
	Number of shares withheld	Market value as at June 30, 2024	Number of shares withheld	Market value as at June 30, 2023
	Rupees in '000		Rupees in '000	
Pakistan State Oil Company Limited	228,041	37,900	228,041	25,315

Name of the Company	Class B			
	2024		2023	
	Bonus shares			
	Number of shares withheld	Market value as at June 30, 2024	Number of shares withheld	Market value as at June 30, 2023
	Rupees in '000		Rupees in '000	
The Searle Company Limited	4,907	280	4,907	188
TPL Insurance Limited	1,637	23	1,637	34
Faysal Bank Limited	17,250	904	17,250	348
	23,794	1,207	23,794	570

6	DIVIDEND AND PROFIT RECEIVABLE	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			-----Rupees in '000-----					
	Dividend receivable		11,687	1,596	13,283	9,977	166	10,143
	Profit receivable on bank balances		11,903	3,579	15,482	14,350	3,939	18,289
			23,590	5,175	28,765	24,327	4,105	28,432
7	ADVANCE AND DEPOSITS	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			-----Rupees in '000-----					
	Security deposits with:							
	- Central Depository Company of Pakistan Limited		-	175	175	-	175	175
	- National Clearing Company of Pakistan Limited		100	2,749	2,849	100	2,749	2,849
	Advance tax	7.1	1,136	1,911	3,047	1,116	1,204	2,320
			1,236	4,835	6,071	1,216	4,128	5,344

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on dividends and profit on bank deposits amounts to Rs. 3.047 million (2023: Rs. 2.320 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on bank deposits has been shown as other receivables as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

## 8 RECEIVABLE FROM HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the TER in respect of each CIS to ensure the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each Quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in regulation 60(5) of the NBFC Regulations.

During the year ended June 30, 2024, the Fund's Class B was in breach of the TER ratio of maximum 4.5% as prescribed under NBFC Regulations for a CIS categorised as equity scheme. As a result the Fund has recorded receivable from the Management Company to comply with the TER.

9	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			Rupees in '000					
	Remuneration payable	9.1	7,240	3,796	11,036	5,156	1,473	6,629
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	941	493	1,434	670	191	861
	Allocation of expenses relating to registrar services, accounting, operation and valuation services payable	9.3	2,655	-	2,655	1,890	405	2,295
	Selling and marketing expenses payable	9.4	-	1,442	1,442	-	2,370	2,370
			10,836	5,731	16,567	7,716	4,439	12,155

**9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the Total Expense Ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged at the rate of 1.5% and ranging from 2% to 3% (June 30, 2023: 1.5% and 2%) of the daily net assets of the Fund for Class A and Class B, respectively during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.

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

**9.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its own discretion has currently charged such expenses at the rate of 0.55% and ranging from 0% to 0.67% (June 30, 2023: 0.55% for both Class A and Class B) of the daily net assets of the Fund for Class A and Class B, respectively during the year ended June 30, 2024 for allocation of such expenses to the Fund.

**9.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of nil (2023: nil) for Class A and ranging from 0% to 1.05% (2023: 1.05%) for Class B during the year ended June 30, 2024 while keeping in view the overall return and Total Expense Ratio Limit of the Fund as defined under the NBFC Regulations.

**9.4.1** As per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, the Management Company ceased to charge selling and marketing expenses to the certificate holders of Class A with effect from November 01, 2020.



10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	-----2024-----			-----2023-----		
			Class A	Class B	Total	Class A	Class B	Total
			-----Rupees in '000-----					
	Remuneration payable to the Trustee	10.1	565	212	777	426	147	573
	Sindh Sales Tax payable on remuneration of the Trustee	10.2	73	28	101	55	19	74
	CDS charges payable		-	15	15	-	19	19
			638	255	893	481	185	666

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the Trustee according to the following tariff structure:

Tariff structure	
Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.02% of the Net Assets or Rs. 700,000 per annum whichever is higher
- From Rs 1,000 million to Rs 5,000 million	Rs. 2.0 million plus 0.10% p.a. of Net Assets, on amount exceeding Rs.1,000 million.

- 10.2** The Sindh Provincial Government had levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			(Rupees in '000)					
	Fee payable	11.1	457	120	577	987	189	1,176

- 11.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.095% per annum of the daily net assets of the Fund, applicable to an "Equity Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.095% per annum of the daily net assets during the year.

Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay the SECP fee within three months of the close of accounting year.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			-----Rupees in '000-----					
	Provision for federal excise duty	12.1	-	125,303	125,303	-	125,303	125,303
	Securities transaction cost payable		-	252	252	-	1,538	1,538
	Auditors' remuneration payable		768	220	988	486	91	577
	National Clearing Company Pakistan Limited charges payable		-	30	30	-	16	16
	Withholding tax payable		26,433	16,523	42,956	39,991	413	40,404
	Zakat payable		-	114	114	-	114	114
	Other payables		43	865	908	-	866	866
			27,244	143,307	170,551	40,477	128,341	168,818

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 125.303 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund for Class B would have been higher by Rs 1.805 (2023: Rs 1.690).

### 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at June 30, 2024 and June 30, 2023.

### 14 AUDITORS' REMUNERATION

2024			2023		
Class A	Class B	Total	Class A	Class B	Total
-----Rupees in '000-----					
369	98	467	382	132	514
246	65	311	124	44	168
473	125	598	51	18	69
1,088	288	1,376	557	194	751
87	23	110	44	15	59
1,175	311	1,486	601	209	810

### 15 TOTAL EXPENSES RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 2.52% and 4.75% (June 30, 2023: 2.45% and 4.96%) which includes 0.31% and 0.59% (June 30, 2023: 0.23% and 0.46%) representing government levies on the Fund such as Sales Taxes, annual fee to the SECP etc for Class A and B respectively. This maximum ratio limit as prescribed under the NBFC Regulation for a collective investment scheme categorised as an 'Equity scheme' is 4.5% which is required to be complied on an annual basis by the Fund. As more fully discussed in note 8, TER of the Fund was in breach as prescribed in the regulation. To comply with this breach, the Fund has made the reversal of expense amounting to Rs. 11.157 million (June 30, 2023: Nil).

**16 TAXATION**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these financial statements during the year.

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

**17 EARNINGS PER UNIT**

Earnings per unit 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.

	2024			2023		
	Class A	Class B	Total	Class A	Class B	Total
<b>18 NUMBER OF UNITS IN ISSUE</b>						
Total outstanding as of July 01	283,500,000	74,162,156	357,662,156	283,500,000	81,232,399	364,732,399
Add: issued during the year	-	8,220,762	8,220,762	-	126,588	126,588
Less: redeemed during the year	-	12,968,910	12,968,910	-	7,196,831	7,196,831
Total units in issue as of June 30	<u>283,500,000</u>	<u>69,414,008</u>	<u>352,914,008</u>	<u>283,500,000</u>	<u>74,162,156</u>	<u>357,662,156</u>

**19 TRANSACTION AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at the terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the offering document, trust deed and the NBFC regulations and hence, the transactions are considered to be on an arm's length basis.

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

**19.1 Transactions during the year**

**HBL Asset Management Limited -  
Management Company**

Remuneration of the Management  
Company including Sales Tax thereon

Allocation of expenses related to  
registrar services, accounting,  
operation and valuation services

Selling and marketing expense

**Habib Bank Limited - Sponsor**

Dividend income

Bank profit

**HBL Microfinance Bank Limited  
(formerly: The First Microfinance  
Bank) - Associate**

Bank profit

**MCB Bank Limited - Treasury  
- connected person due to  
holding more than 10% units**

Dividend income

Dividend paid

Bank profit

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

Trustee remuneration including  
Sales Tax thereon

CDS charges

CDC annual listing fee

**Pakistan Reinsurance Company  
Limited- Connected person - due  
to holding more than 10% units**

Dividend paid

**State Life Corporation of Pakistan  
- connected person due to  
holding more than 10% units**

Dividend paid

**CDC - Trustee National Investment  
(Unit) Trust - Associate**

Dividend paid

**Jubilee General Insurance Company  
Limited - Associated Company**

Issuance of 8,340 (2023: nil) units

Dividend paid

**Directors and Executives of the  
Management Company**

Issuance of 1,027 (2023: nil) units

Dividend Paid

2024			2023		
Class A	Class B	Total	Class A	Class B	Total
Rupees in '000					
93,442	35,728	129,170	83,642	21,334	104,976
30,321	5,206	35,527	27,141	5,192	32,333
-	8,646	8,646	-	9,912	9,912
-	8,098	8,098	-	3,586	3,586
-	203	203	-	246	246
128,195	2,302	130,497	91,616	24	91,640
-	-	-	-	1,507	1,507
32,612	-	-	-	-	-
-	42,009	42,009	1	35,170	35,171
7,191	1,828	9,019	6,528	1,240	7,768
-	294	294	-	286	286
-	136	136	904	76	980
22,805	21,750	44,555	-	-	-
9,019	17,958	26,977	-	-	-
4,850	-	4,850	-	-	-
-	180	180	-	-	-
-	211	211	-	-	-
-	22	-	-	-	-
14	26	40	-	-	-

**19.2 Balances outstanding as at year end**

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

Remuneration payable to the Management Company including Sales Tax thereon

Allocated expenses payable relating to registrar services, accounting, operation and valuation services

Selling and marketing expenses payable

**Habib Bank Limited - Sponsor**

Banks balance

**HBL Microfinance Bank Limited (formerly: The First Microfinance Bank) - Associate**

Banks balances

Profit receivable

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

Remuneration payable including Sales Tax thereon

Security deposit with trustee

CDS charges payable

**Pakistan Reinsurance Company Limited- Connected person - due to holding more than 10% units**

Outstanding 30,406,721 (2023:

30,406,721) units at par value

Outstanding 15,000,000

(2023: 15,000,000) units

**State Life Corporation of Pakistan - connected person due to holding more than 10% units**

Outstanding 12,384,663

(2023: 12,384,663 units)

**MCB Bank Limited - Treasury**

- connected person due to holding more than 10% units

Banks balances

Profit receivable

Outstanding 43,482,858 (2023:

43,482,858 units) at par value

**CDC - Trustee National Investment (Unit) Trust - Associate**

Outstanding 6,466,800 (2023:

6,466,800 units) at par value

**Jubilee General Insurance Company Limited - Associated Company**

Outstanding 154,464

(2023: 146,124) units

**Directors and Executives of the Management Company**

Outstanding 18,000 (2023: 18,000)

units at par value

Outstanding 19,027

(2023: 18,000) units

2024			2023		
Class A	Class B	Total	Class A	Class B	Total
Rupees in '000					
8,181	4,289	12,470	5,826	1,664	7,490
2,655	-	2,655	1,890	405	2,295
-	1,442	1,442	-	2,370	2,370
-	2,309	2,309	-	1,935	1,935
670,508	34,028	704,536	756,645	258	756,903
11,673	591	12,264	12,986	-	12,986
638	240	878	481	166	647
-	175	175	-	175	175
-	15	15	-	19	19
211,935	-	211,935	142,303	-	142,303
-	323,888	323,888	-	183,695	183,695
-	267,416	267,416	-	151,666	151,666
5	163,657	163,662	4	240,722	240,726
-	2,309	2,309	-	3,548	3,548
303,076	-	303,076	203,500	-	203,500
45,074	-	45,074	30,265	-	30,265
-	3,335	3,335	-	1,789	1,789
125	-	125	84	-	84
-	411	411	-	220	220

**20 FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Deposits

**Financial liabilities**

Payable to the HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities
Dividend payable

-----Class A-----		
-----As on June 30, 2024-----		
At amortised cost	At fair value through other comprehensive income	Total
-----Rupees in '000-----		
694,513	-	694,513
-	5,177,387	5,177,387
23,590	-	23,590
100	-	100
718,203	5,177,387	5,895,590

-----Class B-----		
-----As on June 30, 2024-----		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		
250,899	-	250,899
-	1,547,634	1,547,634
5,175	-	5,175
2,924	-	2,924
11,157	-	11,157
270,155	1,547,634	1,817,789

**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Deposits
Receivable from HBL Asset Management Limited - Management Company

**Financial liabilities**

Payable to the HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investments
Accrued expenses and other liabilities
Dividend Payable
Unclaimed dividend

5,731	-	5,731
255	-	255
-	-	-
1,367	-	1,367
39,819	-	39,819
131,647	-	131,647
178,819	-	178,819

**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Deposits

**Financial liabilities**

Payable to the HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Dividend payable
Accrued expenses and other liabilities

-----Class A-----		
-----As on June 30, 2023-----		
At amortised cost	At fair value through other comprehensive	Total
-----Rupees in '000-----		

794,036	-	794,036
-	3,427,984	3,427,984
24,327	-	24,327
100	-	100
818,463	3,427,984	4,246,447

7,716	-	7,716
481	-	481
300,458	-	300,458
486	-	486
309,141	-	309,141

**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Deposits
Receivable from HBL Asset Management Limited - Management Company
Receivable against sale of investments

**Financial liabilities**

Payable to the HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investments
Accrued expenses and other liabilities
Unclaimed dividend

-----Class B-----		
-----As on June 30, 2023-----		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		

271,151	-	271,151
-	829,835	829,835
4,105	-	4,105
2,924	-	2,924
5,895	-	5,895
134,606	-	134,606
418,681	829,835	1,248,516

4,439	-	4,439
185	-	185
76,614	-	76,614
2,511	-	2,511
131,741	-	131,741
215,490	-	215,490

## **21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### **21.1 Market risk**

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

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

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

#### **(i) Yield / interest rate risk**

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### **a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net profit and net assets of the Class A for the year ended would have been higher / lower by Rs. 6.95 million (2023: Rs. 7.94 million) and the net profit and net assets of the Class B for the year ended would have been higher / lower by Rs. 2.52 million (2023: Rs. 2.71 million).

#### **b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2024, the Fund does not hold any fixed rate instrument that may expose the Fund to fixed interest rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:



**CLASS A**

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	19% to 22.95%	694,513	-	-	-	694,513
Investments		-	-	-	5,177,387	5,177,387
Dividend and profit receivable		-	-	-	23,590	23,590
Deposits		-	-	-	100	100
		694,513	-	-	5,201,077	5,895,590

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	10,836	10,836
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	638	638
Accrued expenses and other liabilities		-	-	-	811	811
Dividend payable		-	-	-	202,165	202,165
		-	-	-	214,450	214,450

**On-balance sheet gap (a)**

694,513	-	-	4,986,627	5,681,140
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**Off-balance sheet financial instruments**

-	-	-	-	-
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**Off-balance sheet gap (b)**

-	-	-	-	-
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**Total interest rate sensitivity gap (a+b)**

694,513	-	-
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**Cumulative interest rate sensitivity gap**

694,513	694,513	694,513
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**CLASS B**

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	18% to 22%	250,899	-	-	-	250,899
Investments		-	-	-	1,547,634	1,547,634
Dividend and profit receivable		-	-	-	5,175	5,175
Deposits		-	-	-	2,924	2,924
Receivable from HBL Asset Management Limited - Management Company		-	-	-	11,157	11,157
Receivable against sale of investments		-	-	-	-	-
		250,899	-	-	1,566,890	1,817,789

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	5,731	5,731
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	255	255
Payable against purchase of investments		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	1,367	1,367
Dividend payable		-	-	-	39,819	39,819
Unclaimed dividend		-	-	-	131,647	131,647
		-	-	-	178,819	178,819

**On-balance sheet gap (a)**

250,899	-	-	1,388,071	1,638,970
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**Off-balance sheet financial instruments**

-	-	-	-	-
---	---	---	---	---

**Off-balance sheet gap (b)**

-	-	-	-	-
---	---	---	---	---

**Total interest rate sensitivity gap (a+b)**

250,899	-	-
---------	---	---

**Cumulative interest rate sensitivity gap**

250,899	250,899	250,899
---------	---------	---------

**CLASS A**

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	8% to 22.25%	794,036	-	-	-	794,036
Investments		-	-	-	3,427,984	3,427,984
Dividend and profit receivable		-	-	-	24,327	24,327
Deposits		-	-	-	100	100
		794,036	-	-	3,452,411	4,246,447

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	7,716	7,716
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	481	481
Accrued expenses and other liabilities		-	-	-	486	486
Dividened payable		-	-	-	300,458	300,458
		-	-	-	309,141	309,141
<b>On-balance sheet gap (a)</b>		794,036	-	-	3,143,270	3,937,306

**Off-balance sheet financial instruments**

**Off-balance sheet gap (b)**

**Total interest rate sensitivity gap (a+b)**

**Cumulative interest rate sensitivity gap**

**CLASS B**

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	8% to 22.25%	271,151	-	-	-	271,151
Investments		-	-	-	829,835	829,835
Dividend and profit receivable		-	-	-	4,105	4,105
Deposits		-	-	-	2,924	2,924
Receivable from HBL Asset Management Limited - Management Company		-	-	-	5,895	5,895
Receivable against sale of investments		-	-	-	134,606	134,606
		271,151	-	-	977,365	1,248,516

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	4,439	4,439
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	185	185
Payable against purchase of investments		-	-	-	76,614	76,614
Unclaimed dividend		-	-	-	131,741	131,741
Accrued expenses and other liabilities		-	-	-	2,511	2,511
		-	-	-	215,490	215,490
<b>On-balance sheet gap (a)</b>		271,151	-	-	761,875	1,033,026

**Off-balance sheet financial instruments**

**Off-balance sheet gap (b)**

**Total interest rate sensitivity gap (a+b)**

**Cumulative interest rate sensitivity gap**

As at June 30, 2023					
Effective Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
%	Rupees in '000				

**(ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**(iii) Price risk**

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 10% of net assets and issued capital of the investee company and sector exposure limit to 35% of the net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as fair value through comprehensive income as disclosed in note 5.1.1.

In case of 5% increase / decrease in the fair value of the Fund's Class A equity securities on June 30, 2024, net assets of the Fund would have increased / decreased by Rs. 258.869 million (2023: Rs. 171.399 million) as a result of gains / losses on equity securities in 'at fair value through other comprehensive income' category, with corresponding effect on other comprehensive income reported in 'Statement of comprehensive income'.

In case of 5% increase / (decrease) in the fair value of the Fund's Class B equity securities on June 30, 2024, net assets of the Fund would have increased / (decreased) by Rs. 77.382 million (2023: Rs. 41.492 million).

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents the management company's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over the time. Accordingly, 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 the level of KSE 100 Index.

**21.2 Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily cash redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has a policy to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as these are listed on the Pakistan Stock Exchange Limited.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

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

----- Class A -----						
2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instrument s with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Bank balances	694,513	-	-	-	-	694,513
Investments	-	-	-	-	5,177,387	5,177,387
Dividend and profit receivable	23,590	-	-	-	-	23,590
Deposits	-	-	-	-	100	100
	718,103	-	-	-	5,177,487	5,895,590
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	10,836	-	-	-	-	10,836
Payable to Central Depository Company of Pakistan Limited - Trustee	638	-	-	-	-	638
Accrued expenses and other liabilities	43	768	-	-	-	811
Dividend payable	202,165	-	-	-	-	202,165
	213,682	768	-	-	-	214,450
<b>Net financial assets / (liabilities)</b>	504,421	(768)	-	-	5,177,487	5,681,140
----- Class B -----						
2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instrument s with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Bank balances	250,899	-	-	-	-	250,899
Investments	-	-	-	-	1,547,634	1,547,634
Dividend and profit receivable	5,175	-	-	-	-	5,175
Receivable from HBL Asset Management Limited - Management Company	11,157	-	-	-	-	11,157
Receivable against sale of investments	-	-	-	-	-	-
Deposits	-	-	-	-	2,924	2,924
	267,231	-	-	-	1,550,558	1,817,789
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	5,731	-	-	-	-	5,731
Payable to Central Depository Company of Pakistan Limited - Trustee	255	-	-	-	-	255
Accrued expenses and other liabilities	1,147	220	-	-	-	1,367
Payable against purchase of investments	-	-	-	-	-	-
Dividend payable	39,819	-	-	-	-	39,819
Unclaimed dividend	131,647	-	-	-	-	131,647
	178,599	220	-	-	-	178,819
<b>Net financial assets / (liabilities)</b>	88,632	(220)	-	-	1,550,558	1,638,970

**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Deposits

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities
Dividend payable

**Net financial assets / (liabilities)**

Class A						
2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instrument s with no fixed maturity	Total
Rupees in '000						
794,036	-	-	-	-	-	794,036
-	-	-	-	-	3,427,984	3,427,984
24,327	-	-	-	-	-	24,327
-	-	-	-	-	100	100
818,363	-	-	-	-	3,428,084	4,246,447
7,716	-	-	-	-	-	7,716
481	-	-	-	-	-	481
-	486	-	-	-	-	486
300,458	-	-	-	-	-	300,458
308,655	486	-	-	-	-	309,141
509,708	(486)	-	-	-	3,428,084	3,937,306

**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Receivable from HBL Asset Management Limited - Management Company
Receivable against sale of investments
Deposits

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities
Payable against purchase of investments
Unclaimed dividend

**Net financial assets / (liabilities)**

Class B						
2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instrument s with no fixed maturity	Total
Rupees in '000						
271,151	-	-	-	-	-	271,151
-	-	-	-	-	829,835	829,835
4,105	-	-	-	-	-	4,105
5,895	-	-	-	-	-	5,895
134,606	-	-	-	-	-	134,606
-	-	-	-	-	2,924	2,924
415,757	-	-	-	-	832,759	1,248,516
4,439	-	-	-	-	-	4,439
185	-	-	-	-	-	185
2,420	91	-	-	-	-	2,511
76,614	-	-	-	-	-	76,614
131,741	-	-	-	-	-	131,741
215,399	91	-	-	-	-	215,490
200,358	(91)	-	-	-	832,759	1,033,026

## 21.3 Credit risk

21.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

### CLASS A

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000				
Bank balances	694,513	694,513	794,036	794,036
Investments	5,177,387	-	3,427,984	-
Dividend and profit receivable	23,590	23,590	24,327	24,327
Deposits	100	100	100	100
	<u>5,895,590</u>	<u>718,203</u>	<u>4,246,447</u>	<u>818,463</u>

### CLASS B

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000				
Bank balances	250,899	250,899	271,151	271,151
Investments	1,547,634	-	829,835	-
Dividend and profit receivable	5,175	5,175	4,105	4,105
Deposits	2,924	2,924	2,924	2,924
Receivable from HBL Asset Management Limited - Management Company	11,157	11,157	5,895	5,895
Receivable against sale of investments	-	-	134,606	134,606
	<u>1,817,789</u>	<u>270,155</u>	<u>1,248,516</u>	<u>418,681</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. The difference is because of investment in equity securities which are not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

## 21.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit receivable thereon, dividend receivable and receivable against sale of units. The credit rating profile of balances with banks is as follows:

**Class A**

Class A		Class B	
2024	2023	2024	2023
----- % -----		----- % -----	
AAA	0.07%	0.022%	9.57%
AA+	0.0002%	0.0002%	0.001%
AA-	0.34%	0.75%	2.52%
AA	0.00%	0.00%	0.001%
A+	11.57%	18.14%	1.90%
A	0.000%	0.001%	0.001%
A-	0.00%	0.13%	0.00%
C	0.002%	0.00%	0.002%
	11.98%	19.04%	14.00%
			22.03%

**21.3.3 Concentration of credit risk**

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The Fund does not have any collateral against any of the aforementioned assets.

**22 FAIR VALUE MEASUREMENT**

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

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

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

**Fair value hierarchy**

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

		Note	-----2024-----			
			Level 1	Level 2	Level 3	Total
			----- (Rupees in '000) -----			
<b>Class A</b>						
<b>At fair value through other comprehensive income</b>						
Quoted equity securities	5.1.1		5,177,387	-	-	5,177,387
<b>Class B</b>						
<b>At fair value through profit or loss</b>						
Quoted equity securities	5.1.2		1,547,634	-	-	1,547,634
			-----2023-----			
			Level 1	Level 2	Level 3	Total
			----- (Rupees in '000) -----			
<b>Class A</b>						
<b>At fair value through other comprehensive income</b>						
Quoted equity securities	5.1.1		3,427,984	-	-	3,427,984
<b>Class B</b>						
<b>At fair value through profit or loss</b>						
Quoted equity securities	5.1.2		829,835	-	-	829,835

## 23 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.



**24 UNIT HOLDING PATTERN OF THE FUND**

Category	Class A			
	2024			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total (%)
	Rupees in '000'			
Associated Company and Director	2	6,484,800	129,362	2.29%
NIT and ICP	6	3,000	60	0.00%
Individuals	8,053	120,580,807	2,405,392	42.53%
Foreign Individuals	459	25,546,163	509,608	9.01%
Banks, DFI and NBFI	13	53,326,824	1,063,790	18.81%
Insurance Companies	4	42,445,625	846,727	14.97%
Mutual Funds	1	62,512	1,247	0.02%
Modarba	1	15,000	299	0.01%
Others	68	35,012,619	698,449	12.35%
Foreign Companies	2	22,650	452	0.01%
	8,609	283,500,000	5,655,386	100%

Category	Class B			
	2024			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total (%)
	Rupees in '000'			
Individuals	8,479	39,602,368	855,114	57.05%
Insurance Companies	3	27,385,197	591,314	39.45%
Banks and DFIs	1	3,983	86	0.01%
Associated Company and Director	2	173,491	3,746	0.25%
Retirement Funds	5	708,807	15,305	1.02%
Trust	7	553,805	11,958	0.80%
Others	79	986,357	21,298	1.42%
	8,576	69,414,008	1,498,821	100%

Category	Class A			
	2023			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total (%)
	Rupees in '000'			
Associated Company and Director	2	6,484,800	89,150	2.29%
NIT and ICP	6	3,000	41	0.00%
Individuals	8,142	121,188,262	1,666,048	42.75%
Foreign Individuals	467	23,090,362	317,437	8.14%
Banks, DFI and NBFI	13	53,351,824	733,460	18.82%
Insurance Companies	4	42,445,625	583,526	14.97%
Mutual Funds	1	62,512	859	0.02%
Modarba	1	15,000	206	0.01%
Others	73	36,835,965	506,406	12.99%
Foreign Companies	2	22,650	311	0.01%
	8,711	283,500,000	3,897,444	100%

Category	Class B			
	2023			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total (%)
	Rupees in '000'			
Individuals	8,195	41,943,592	513,654	56.56%
Insurance Companies	4	27,399,017	335,536	36.94%
Banks and DFIs	2	1,084,631	13,283	1.46%
Associated Company and Director	2	164,124	2,010	0.22%
Retirement Funds	6	755,073	9,246	1.02%
Trust	7	528,519	6,472	0.71%
Others	70	2,287,200	28,010	3.08%
	8,286	74,162,156	908,211	100%

## 25 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

2024	2023
Name of broker	Name of broker
Intermarket Securities Limited	Intermarket Securities Limited
EFG Hermes Pakistan Limited	Arif Habib Limited
Optimus Capital Management (Private) Limited	JS Global Capital Limited
JS Global Capital Limited	Sherman Securities (Private) Limited
Arif Habib Limited	EFG Hermes Pakistan Limited
Topline Securities (Private) Limited	DJM Securities Limited
KTrade Securities Limited (Formerly) Khadim	KTrade Securities Limited (Formerly) Khadim
Ali Shah Bukhari Securities Limited	Ali Shah Bukhari Securities Limited
DJM Securities Limited	Optimus Capital Management (Private) Limited
Alfalah Securities (Private) Limited (formerly) Alfalah	Alfalah Securities (Private) Limited (formerly) Alfalah
CLSA Securities (Private) Limited	CLSA Securities (Private) Limited
Next Capital Limited	Next Capital Limited

## 26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

**27 ATTENDANCE AT MEETINGS OF THE 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			Meeting not attended
		Held	Attended	Leave granted	
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	-	-

**28 GENERAL**

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

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

28.3 Units have been rounded off to the nearest decimal place.

**29 DATE OF AUTHORISATION FOR ISSUE**

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

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

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

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

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



**HBL** Investment Fund

<b>NAME OF FUND</b>	HBL INVESTMENT FUND
<b>NAME OF AUDITOR</b>	A.F. Ferguson & Co.
<b>NAME OF TRUSTEE</b>	Central Depository Company of Pakistan Limited.
<b>NAME OF BANKERS</b>	Allied Bank limited Habib Bank Limited Habib Metro Bank Limited HBL Micro Finance Bank Limited JS Bank Limited Khushali Micro Finance Bank Limited MCB Bank Limited Mobillink Micro Finance Bank Limited National Bank Limited Soneri Bank limited U Micro Finance Bank Limited Zarai Taraqati Bank Limited

# FUND MANAGER'S REPORT – HBL INVESTMENT FUND

As at June 30, 2024

## Type and Category of Fund

Equity / Open-end

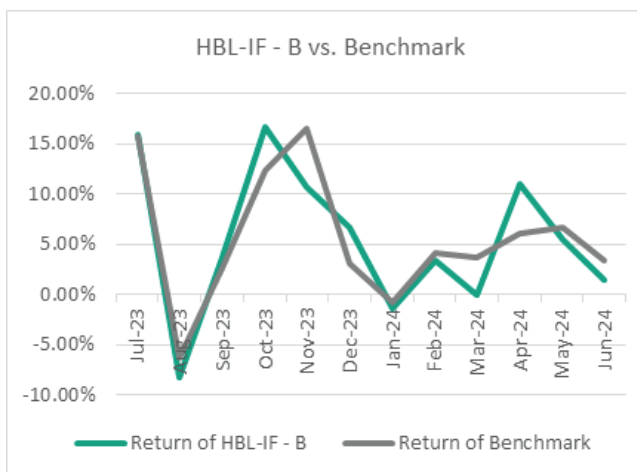
## Investment Objective and Accomplishment of Objective

The objective of HBL Investment Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations. The Collective Investment Scheme achieved its stated objective.

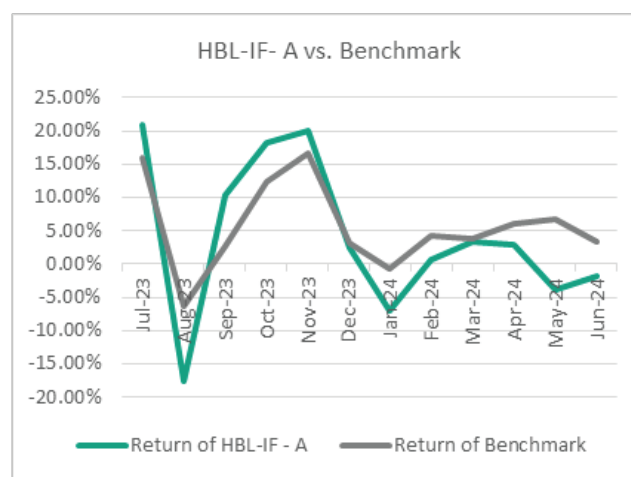
## Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KSE-100 Index.

Month	Return of Fund	
	HBL-IF - B	Benchmark
Jun-24	1.40%	3.38%
May-24	5.47%	6.72%
Apr-24	10.98%	6.12%
Mar-24	-0.01%	3.76%
Feb-24	3.36%	4.19%
Jan-24	-1.43%	-0.76%
Dec-23	6.76%	3.17%
Nov-23	10.79%	16.59%
Oct-23	16.69%	12.30%
Sep-23	3.65%	2.73%
Aug-23	-8.28%	-6.31%
Jul-23	15.96%	15.88%



Month	Return of Fund	
	HBL-IF - A	Benchmark
Jun-24	-1.92%	3.38%
May-24	-3.93%	6.72%
Apr-24	2.92%	6.12%
Mar-24	3.30%	3.76%
Feb-24	0.73%	4.19%
Jan-24	-6.93%	-0.76%
Dec-23	2.32%	3.17%
Nov-23	19.94%	16.59%
Oct-23	18.14%	12.30%
Sep-23	10.35%	2.73%
Aug-23	-17.65%	-6.31%
Jul-23	20.93%	15.88%

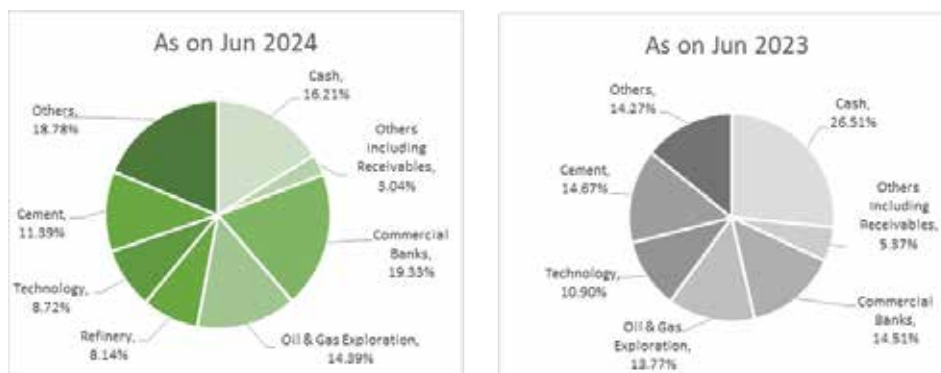


## Strategies and Policies employed during the Year

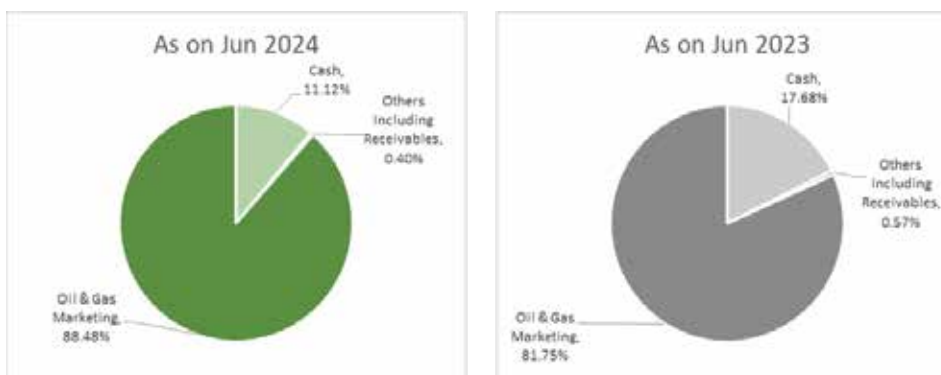
During the year under review, the Fund increased its exposure in equities for investment fund A and B from 81.75% and 68.12% as on June 30, 2023 to 88.48% and 80.74% as on June 30, 2024 respectively. Furthermore, sector-wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in oil and gas marketing, refinery, commercial banks and others has increased, while exposure in technology and cement has decreased.

## Asset Allocation

### HBL Investment Fund - B



### HBL Investment Fund – A



### Significant Changes in Asset Allocation during the Year

The following table shows a comparison of top sector wise allocation of equity investments in the Fund as on June 30, 2024 and June 30, 2023.

#### HBL Investment Fund – B

Sector Name	As on Jun 2024	As on Jun 2023
Cash	16.21%	26.51%
Others Including Receivables	3.04%	5.37%
Commercial Banks	19.33%	14.51%
Oil & Gas Exploration	14.39%	13.77%
Refinery	8.14%	0.00%
Technology	8.72%	10.90%
Cement	11.39%	14.67%
Others	18.8%	14.3%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

#### HBL Investment Fund - A

Sector Name	As on Jun 2024	As on Jun 2023
Cash	11.12%	17.68%
Others Including Receivables	0.40%	0.57%
Oil & Gas Marketing	88.48%	81.75%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Fund Performance

The Fund as a whole earned a total and net income of Rs. 504.78 million and Rs. 425.49 million respectively during the year under review. The fund size of the fund stood at Rs. 2.71 billion as on June 30, 2024.

Performance review of each class is presented below:

### HBL Investment Fund – Class ‘A’

HBL Investment Fund – Class ‘A’ earned a total income and net income of Rs. 126.77 million and Rs. 76.01 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Class ‘A’ was Rs. 7.1063 per unit as on June 30, 2024 as compared to Rs. 4.8996 as at June 30, 2023, after incorporating dividend of Rs. 0.26 per unit, thereby giving a return of 49.62%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Class ‘A’ was Rs. 2.02 billion as on June 30, 2024 as compared to Rs. 1.39 billion at the start of the year.

### HBL Investment Fund – Class ‘B’

HBL Investment Fund – Class ‘B’ earned a total and net income of Rs. 504.78 million and Rs. 425.49 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Class ‘B’ was Rs. 7.1063 per unit as on June 30, 2024 as compared to Rs. 6.0678 as at June 30, 2023, after incorporating dividend of Rs. 0.80 per unit, thereby giving a return of 84.00%. During the year the benchmark KSE 100 index yielded a return of 89.24%. The size of Class ‘B’ was Rs. 0.69 billion as on June 30, 2024 as compared to Rs. 0.45 billion at the start of the year.

## Review of Market invested in

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 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.

## Distribution

The Board of Directors approved Rs. 0.26 dividend per unit to the unit holders for the year ended June 30, 2023 from HBL Investment Fund Class ‘A’.



The Board of Directors approved distribution of up-to Rs. 0.80 per unit for the year ended June 30, 2024 from HBL Investment Fund Class 'B'.

#### Significant Changes in the State of Affairs

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

#### Breakdown of Certificate Holding by Size

From – To (No. of Certificates)	No. of Certificate Holders (Class 'A' Units)	Total No. of Certificates Held (Class 'A' Units)	No. of Certificate Holders (Class 'B' Units)	Total No. of Certificates Held (Class 'B' Units)
1 – 100	3,138	196,575	55	131,918
101 – 500	6,721	1,708,950	250	1,816,045
501 – 1,000	2,125	1,563,428	1,970	1,443,119
1,001 – 10,000	2,357	7,480,645	2,753	6,416,470
10,001 – 100,000	488	15,551,861	404	10,124,940
100,001 – 500,000	93	19,205,309	50	8,367,592
500,001 – 1,000,000	27	19,626,666	3	1,932,188
1,000,001 – 5,000,000	16	39,609,101	8	15,915,374
5,000,001 and above	10	179,182,465	3	20,829,266
<b>Total</b>	<b>14,975</b>	<b>284,125,000</b>	<b>5,496</b>	<b>66,976,912</b>

#### Certificate Splits

There were no unit splits during the year.

#### Circumstances materially affecting the Interest of Certificate Holders

Investments are subject to market risk.

#### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

# PERFORMANCE TABLE – HBL INVESTMENT FUND

As at June 30, 2024

	2024		2023		2022		2021		2020		2019	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
Net assets at the period end(Rs'000)	2,019,085	694,215	1,392,100	451,234	1,998,102	713,289	2,492,208	1,386,597	1,844,924	1,155,705	1,721,698	2,340,009
<b>NET ASSETS VALUE PER UNIT/CERTIFICATE AT 30 JUNE - RUPEES</b>	7.1063	10.3650	4.8996	6.0678	7.0325	6.4666	8.7715	10.2262	6.4934	7.8872	6.0597	8.4072
Redemption - Class B unit type B	-	10.3650	-	6.0678	-	6.4666	-	10.2262	-	7.8872	-	7.9868
Redemption - Class B unit type C	-	10.3650	-	6.0678	-	6.4666	-	10.2262	-	7.8872	-	8.4072
Offer - Class B unit type C	-	10.5992	-	6.2049	-	6.6127	-	10.4573	-	8.0655	-	8.5972
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>												
Highest offer price per unit - Class B unit type C	-	11.5406	-	7.0042	-	10.5531	-	10.6571	-	10.8780	-	10.7063
Lowest offer price per unit - Class B unit type C	-	5.8695	-	5.6102	-	6.5924	-	8.2026	-	6.8247	-	8.4074
Highest redemption price per unit - Class B unit type B	-	N/A	-	N/A	-	N/A	-	N/A	-	10.6376	-	9.8040
Lowest redemption price per unit - Class B unit type B	-	N/A	-	N/A	-	N/A	-	N/A	-	6.6739	-	7.8105
Highest redemption price per unit - Class B unit type C	-	11.2855	-	6.8494	-	10.3199	-	10.4216	-	10.6376	-	10.4697
Lowest redemption price per unit - Class B unit type C	-	5.7398	-	5.4862	-	6.4467	-	8.0213	-	6.6739	-	8.2216
<b>RETURN ( % )</b>												
Total return	49.62%	84.00%	-24.64%	-6.17%	-19.83%	-36.76%	35.08%	29.66%	7.16%	-2.94%	*-33.34%	*-16.26%
Income distribution	5.31%	13.18%	0.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.27%	0.00%	0.00%
Capital growth	54.93%	70.82%	-24.24%	-6.17%	-19.83%	-36.76%	35.08%	29.66%	7.16%	-3.21%	*-33.34%	*-16.26%
<b>DISTRIBUTION</b>												
First Interim dividend distribution	0.26	0.80	0.40%	-	-	-	-	-	-	0.27	-	-
Date of Income Distribution	28-06-24	28-06-24	30-06-23	-	-	-	-	-	-	26-Jun-20	-	-
Total dividend distribution for the year/ period	0.26	0.80	0.00	-	-	-	-	-	-	0.27	-	-
<b>AVERAGE RETURNS ( % )</b>												
Average annual return 1 year	49.62%	84.00%	-24.64%	-6.17%	-19.83%	-36.76%	35.08%	29.66%	7.16%	-2.94%	-33.34%	-16.26%
Average annual return 2 year	18.49%	35.65%	-22.27%	-22.97%	4.06%	-9.45%	20.31%	12.18%	-15.48%	-9.85%	N/A	N/A
Average annual return 3 year	-3.89%	22.54%	-6.55%	-8.37%	5.09%	-7.33%	-1.18%	1.76%	N/A	N/A	N/A	N/A
<b>PORTFOLIO COMPOSITION - (%)</b>												
Percentage of Assets as at 30 June:												
Bank Balances	11.12%	16.21%	17.68%	26.51%	7.69%	17.16%	3.23%	13.49%	5.32%	13.61%	2.86%	15.17%
GoP Jjarah Sukuks									-	-	-	-
Placement with Banks and DFIs									-	-	-	-
Corporate Sukuks									-	-	-	-
Stock / Equities	88.48%	80.75%	81.75%	68.12%	92.06%	81.26%	96.67%	83.67%	94.56%	84.72%	93.58%	83.72%
Others	0.40%	3.04%	0.57%	5.37%	0.25%	1.58%	0.10%	2.84%	0.12%	1.67%	3.56%	1.11%

**Note:**  
The Fund converted to open end fund on July 02, 2018  
\* Since conversion from Closed-End to Open-End  
**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

HBL HIF	Meetings	Resolutions	For	Against
Number	11	9	9	-
(%ages)	-	-	-	-

(h) AMC did not participate in shareholders' meetings

Scrip	AGM Meeting Dt	EOGM Meeting Dt	ARM
Abbott Laboratories (Pak) Ltd	24-Apr-24		
Adamjee Insurance Co Ltd			
AGP Limited			
Air Link Communication Ltd	28-Oct-23		
Askari Bank Ltd	28-Mar-24		
Attock Petroleum Ltd	9-Oct-23	09-Mar-24	
Attock Refinery Ltd	9-Oct-23		
Bank Al-Falah Ltd		27-May-23	
Bank Al-Habib Limited	6-Mar-24		
BankIslami Pakistan Limited	28-Mar-24		
Century Paper & Board Mills Ltd	25-Sep-2023 & 17-Oct-2023		
Cherat Cement Company Ltd.	25-Oct-23	21-Mar-24	
D G Khan Cement Co.Ltd.			
Engro Corporation Ltd	25-Apr-24	26-Jun-24	
Engro Fertilizers Limited	26-Mar-24		
Fauji Cement Company Limited			
Fauji Fertilizer Bin Qasim Ltd		18 Aug 2023 & 25 March 2024	
Fauji Fertilizer Co Ltd	26-Mar-24	23-Nov-23	
Faysal Bank Limited	6-Mar-24		
Ferozsons Laboratories Ltd			
Ghani Glass Ltd		14-Dec-23	
Gharibwal Cement Ltd		28-Feb-24	
Habib Bank Ltd	27-Mar-24	30-May-24	
Highnoon Laboratories Limited	29-Apr-24		
Honda Atlas Cars (Pakistan) Ltd	27-Jun-24	25-Apr-24	
Hub Power Company Ltd			
Indus Motor Company Limited	16-Oct-23	30-Oct-23	
International Steels Limited	27-Sep-23		
K-Electric Limited	26-Sep-23		
Kohat Cement Ltd	26-Oct-23		
Lucky Cement Ltd	16-Oct-23	23-Nov-23	
Maple Leaf Cement Factory Ltd	26-Sep-23		
Mari Petroleum Company Ltd	19-Oct-23		
MCB Bank Ltd	26 Sep 2023 & 27 March 2024		
Meezan Bank Ltd	29-Mar-24		
Mughal Iron & Steel Inds Ltd			
National Bank of Pakistan Ltd		19-Sep-23	
National Refinery Ltd			
Netsol Technologies	23-Oct-23		
Nishat Power Limited	25-Oct-23		
Oil & Gas Development Co Ltd	26-Oct-2023 & 30-Oct-2023		
Pak Suzuki Motor Company Limited	29-Apr-24	07-May-24	
Pakistan Aluminium Beverage Cans Limited	29-Apr-24		
Pakistan Hotels Developers Ltd			
Pakistan Petroleum Ltd	25-Oct-2023 & 30-Oct-2023		
Pakistan Refinery Limited	25-Oct-23		
Pakistan State Oil Company Ltd	29-Sep-23		
PANTHER TYRES LIMITED	26-Oct-23		
Pioneer Cement Limited	26-Sep-23		
Sazgar Engineering Works Limited	27-Oct-23		
Shell Pakistan Ltd	25-Apr-24		
Sui Northern Gas Pipeline Ltd			
Systems Limited	1 Aug 2023 & 19 April 2024	30 Sep 2023 & 26 Dec 2023	
Tariq Glass Industries Ltd		1 Sep 2023 & 15 Feb 2024	
The Searle Company Ltd	27-Oct-23	01-Sep-23	
TPL Insurance Limited	25-Apr-24	26-Jul-23	
TPL Properties Limited			26-Sep-23
TPL Trakker Limited	23-Oct-23	21-Jun-24	04-Oct-23
United Bank Limited	23-Oct-23		26-Sep-23
Unity Foods Limited			

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL INVESTMENT FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Investment Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 27, 2024





A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of HBL Investment Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of HBL Investment 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 movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investment of the Fund as at June 30, 2024 amounted to Rs. 373.181 million and Rs. 2,559.925 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>• obtained independent confirmations for verifying the existence of the bank balances and investment portfolio as at June 30, 2024 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>• re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>• obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD



**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

*A. F. Ferguson & Co.*  
A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: September 27, 2024

UDIN: AR2024100614T6aMAQmH

# HBL Investment Fund

## Statement of Assets and Liabilities

As at June 30, 2024

		2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
Note		Rupees in '000					
ASSETS							
Bank balances	4	233,355	139,826	373,181	266,918	161,912	428,830
Investments	5	1,858,820	701,105	2,559,925	1,233,972	416,220	1,650,192
Dividend and profit receivable	6	8,257	2,294	10,551	8,476	2,603	11,079
Receivable against sale of investments		-	17,102	17,102	-	23,625	23,625
Deposits and other receivable	7	418	4,649	5,067	111	3,819	3,930
Receivable from HBL Asset Management Limited - Management Company	8	-	3,033	3,033	-	2,654	2,654
Total assets		2,100,850	868,009	2,968,859	1,509,477	610,833	2,120,310
LIABILITIES							
Payable to HBL Asset Management Limited - Management Company	9	3,866	2,565	6,431	2,735	2,240	4,975
Payable to Central Depository Company of Pakistan Limited - Trustee	10	286	146	432	231	94	325
Payable to the Securities and Exchange Commission of Pakistan	11	164	54	218	354	103	457
Payable against purchase of investments		-	18,950	18,950	-	13,630	13,630
Accrued expenses and other liabilities	12	581	66,064	66,645	407	58,246	58,653
Dividend payable		76,868	-	76,868	113,650	-	113,650
Unclaimed dividend		-	86,015	86,015	-	85,285	85,285
Total liabilities		81,765	173,794	255,559	117,377	159,598	276,975
NET ASSETS		2,019,085	694,215	2,713,300	1,392,100	451,235	1,843,335
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,019,085	694,215	2,713,300	1,392,100	451,235	1,843,335
CONTINGENCIES AND COMMITMENTS	13	Number of units			Number of units		
NUMBER OF UNITS IN ISSUE	18	284,125,000	66,976,913		284,125,000	74,365,497	
		Rupees			Rupees		
NET ASSET VALUE PER UNIT		7.1063	10.3650		4.8996	6.0678	

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



# HBL Investment Fund

## Income Statement

For the year ended June 30, 2024

	Note	2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
		Rupees in '000					
<b>INCOME / (LOSS)</b>							
Dividend income		80,483	49,118	129,601	120,995	39,634	160,629
Income from government securities - Market Treasury Bills		-	-	-	3,504	-	3,504
Profit on savings accounts with banks		46,282	34,345	80,627	37,860	25,730	63,590
Gain / (loss) on sale of investments - net		-	168,917	168,917	(30)	(62,611)	(62,641)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	5.1.2.2	-	125,638	125,638	-	(7,724)	(7,724)
		-	294,555	294,555	(30)	(70,335)	(70,365)
<b>Total income / (loss)</b>		126,765	378,018	504,783	162,329	(4,971)	157,358
<b>EXPENSES</b>							
Remuneration of HBL Asset Management Limited - Management Company	9.1	29,509	14,449	43,958	26,571	10,335	36,906
Sindh Sales Tax on remuneration of the Management Company	9.2	3,836	1,878	5,714	3,454	1,344	4,798
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	10,820	2,427	13,247	9,743	2,842	12,585
Selling and marketing expenses	9.4	-	4,011	4,011	-	5,426	5,426
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	2,777	919	3,696	2,541	718	3,259
Sindh Sales Tax on remuneration of the Trustee	10.2	361	120	481	330	93	423
Annual fee to the Securities and Exchange Commission of Pakistan	11	1,865	558	2,423	354	103	457
Brokerage and securities transaction costs		-	6,060	6,060	904	6,244	7,148
Auditors' remuneration	14	893	294	1,187	469	286	755
Fees and subscription charges		538	644	1,182	637	556	1,193
Settlement and bank charges		156	212	368	15	231	246
Reimbursement from HBL Asset Management Limited - Management Company		-	(3,033)	(3,033)	-	(2,654)	(2,654)
<b>Total expenses</b>		50,755	28,539	79,294	45,018	25,524	70,542
<b>Net income / (loss) for the year before taxation</b>		76,010	349,479	425,489	117,311	(30,495)	86,816
Taxation	16	-	-	-	-	-	-
<b>Net income / (loss) for the year after taxation</b>		76,010	349,479	425,489	117,311	(30,495)	86,816
<b>Earnings / (loss) per unit</b>	17						
<b>Allocation of net income for the year</b>							
Net income for the year after taxation		76,010	349,479		117,311	-	
Income already paid on redemption of units		-	(48,746)		-	-	
		76,010	300,733		117,311	-	
<b>Accounting income available for distribution:</b>							
- Relating to capital gains		-	250,442		-	-	
- Excluding capital gains		76,010	50,291		117,311	-	
		76,010	300,733		117,311	-	

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

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

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Investment Fund** **Statement of Comprehensive Income** *For the year ended June 30, 2024*

	Note	2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
		Rupees in '000					
Net income / (loss) for the year after taxation		76,010	349,479	425,489	117,311	(30,495)	86,816
Items that will not be reclassified to income statement							
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through other comprehensive income'	5.1.1.2	624,848	-	624,848	(609,663)	-	(609,663)
Total comprehensive income / (loss) for the year		700,858	349,479	1,050,337	(492,352)	(30,495)	(522,847)

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

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

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

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

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

**HBL Investment Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2024

2024						
Class A				Class B		
Capital value	Accumulated loss	Unrealised appreciation on revaluation of fair value	Total	Capital value	Accumulated loss	Total
Rupees in '000						
2,841,250	(2,165,630)	716,480	1,392,100	1,080,220	(628,985)	451,235
-	-	-	-	60,384	-	60,384
-	-	-	-	(13,698)	-	(13,698)
-	-	-	-	46,686	-	46,686
-	-	-	-	(105,216)	-	(105,216)
-	-	-	-	51,189	(48,746)	2,443
-	-	-	-	(54,027)	(48,746)	(102,773)
-	76,010	624,848	700,858	-	349,479	349,479
-	(73,873)	-	(73,873)	-	-	-
-	-	-	-	(32)	(50,380)	(50,412)
-	2,137	624,848	626,985	(32)	299,099	299,067
2,841,250	(2,163,493)	1,341,328	2,019,085	1,072,847	(378,632)	694,215
(2,165,630)				(621,261)		
-				(7,724)		
(2,165,630)				(628,985)		
-				250,442		
76,010				50,291		
76,010				300,733		
-				-		
(73,873)				(50,380)		
(2,163,493)				(378,632)		
(2,163,493)				(504,270)		
-				125,638		
(2,163,493)				(378,632)		
(Rupees)				(Rupees)		
4.8996				6.0678		
7.1063				10.3650		

**Note:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

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

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Investment Fund

## Statement of Movement In Unitholders' Fund

For the year ended June 30, 2024

2023						
Class A				Class B		
Capital value	Accumulated loss	Unrealised appreciation / (diminution) on revaluation of fair value	Total	Capital value	Accumulated loss	Total

Rupees in '000

<b>Net assets at beginning of the year</b>	2,841,250	(2,169,291)	1,326,143	1,998,102	1,311,779	(598,490)	713,289
Issuance of Class A: nil units and Class B: 2,120,068 units							
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	13,710	-	13,710
- Element of loss	-	-	-	-	(834)	-	(834)
<b>Total proceeds on issuance of units</b>	-	-	-	-	12,876	-	12,876
Redemption of Class A: nil units and Class B: 38,058,236 units							
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	(246,107)	-	(246,107)
- Element of income	-	-	-	-	1,672	-	1,672
<b>Total proceeds on redemption of units</b>	-	-	-	-	(244,435)	-	(244,435)
Total comprehensive income / (loss) for the year	-	117,311	(609,663)	(492,352)	-	(30,495)	(30,495)
Distribution for the year	-	(113,650)	-	(113,650)	-	-	-
Net comprehensive income / (loss) for the year less distribution	-	3,661	(609,663)	(606,002)	-	(30,495)	(30,495)
<b>Net assets at the end of the year</b>	<u>2,841,250</u>	<u>(2,165,630)</u>	<u>716,480</u>	<u>1,392,100</u>	<u>1,080,220</u>	<u>(628,985)</u>	<u>451,235</u>
<b>Accumulated loss brought forward comprising of:</b>							
- Realised loss		(2,169,291)				(303,315)	
- Unrealised loss		-				(295,175)	
		<u>(2,169,291)</u>				<u>(598,490)</u>	
<b>Accounting income available for distribution</b>							
- Relating to capital gains		-				-	
- Excluding to capital gains		117,311				-	
		<u>117,311</u>				-	
Net loss for the year after taxation		-				(30,495)	
Distribution during the year		(113,650)				-	
<b>Accumulated loss carried forward</b>		<u>(2,165,630)</u>				<u>(628,985)</u>	
<b>Accumulated loss carried forward comprising of:</b>							
- Realised loss		(2,165,630)				(621,261)	
- Unrealised gain / (loss)		-				(7,724)	
		<u>(2,165,630)</u>				<u>(628,985)</u>	
					(Rupees)		(Rupees)
<b>Net asset value per unit at the beginning of the year</b>				<u>7.0325</u>			<u>6.4666</u>
<b>Net asset value per unit at the end of the year</b>				<u>4.8996</u>			<u>6.0678</u>

**Note:** Consequent to the conversion of the Fund from a closed-end scheme to an open-end scheme with effect from July 02, 2018, the comparative figures disclosed above have been prepared in accordance with the requirements of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as applicable to an open-end scheme.

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Investment Fund**  
**Statement of Cash Flow**  
For the year ended June 30, 2024

	Note	2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
		Rupees in '000					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Net income / (loss) for the year before taxation		76,010	349,479	425,489	117,311	(30,495)	86,816
<b>Adjustments for:</b>							
Income from government securities - Market Treasury Bills		-	-	-	(3,504)	-	(3,504)
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	5.1.2.2	-	(125,638)	(125,638)	-	7,724	7,724
Dividend income		(80,483)	(49,118)	(129,601)	(120,995)	(39,634)	(160,629)
Profit on savings accounts with banks		(46,282)	(34,345)	(80,627)	(37,860)	(25,730)	(63,590)
		(50,755)	140,378	89,623	(45,048)	(88,135)	(133,183)
<b>(Increase) / decrease in assets</b>							
Investments - net		-	(147,404)	(147,404)	-	272,117	272,117
Deposits and other receivable		(307)	(830)	(1,137)	-	-	-
Receivable from HBL Asset Management Limited - Management Company		-	(379)	(379)	-	(2,654)	(2,654)
		(307)	(148,613)	(148,920)	-	269,463	269,463
<b>Increase / (decrease) in liabilities</b>							
Payable to HBL Asset Management Limited - Management Company		1,131	325	1,456	(839)	(4,454)	(5,293)
Payable to Central Depository Company of Pakistan Limited - Trustee		55	52	107	(42)	(93)	(135)
Payable to the Securities and Exchange Commission of Pakistan		(190)	(49)	(239)	(74)	(124)	(198)
Accrued expenses and other liabilities		174	7,818	7,992	55	539	594
		1,170	8,146	9,316	(900)	(4,132)	(5,032)
Dividend income received		79,842	48,815	128,657	120,143	42,649	162,792
Profit received on savings accounts with banks		47,141	34,957	82,098	35,204	25,553	60,757
Income received on government securities - Market Treasury Bills		-	-	-	3,504	-	3,504
		126,983	83,772	210,755	158,851	68,202	227,053
<b>Net cash generated from operating activities</b>		77,091	83,683	160,774	112,903	245,398	358,301
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Amount received on issuance of units		-	46,686	46,686	-	12,876	12,876
Amount paid on redemption of units		-	(102,773)	(102,773)	-	(244,435)	(244,435)
Cash dividend paid		(110,655)	(49,650)	(160,305)	-	(87)	(87)
Refund of capital		-	(32)	(32)	-	-	-
<b>Net cash used in financing activities</b>		(110,655)	(105,769)	(216,424)	-	(231,646)	(231,646)
Net increase / (decrease) in cash and cash equivalents		(33,564)	(22,086)	(55,650)	112,903	13,752	126,655
<b>Cash and cash equivalents at the beginning of the year</b>		266,919	161,912	428,831	154,016	148,160	302,176
<b>Cash and cash equivalents at the end of the year</b>	4	233,355	139,826	373,181	266,919	161,912	428,831

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

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

Chief Financial Officer

Chief Executive Officer

Director

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 HBL Investment Fund (the Fund), an Open End Scheme that was initially constituted as a Closed End Fund under the name of PICIC Investment Fund vide a registered Trust Deed 'Initial Trust Deed' dated April 2, 2004, as amended vide First Supplemental Trust Deed dated June 28, 2004. The Fund has been converted into an Open End Scheme through a registered Restated Trust Deed (the Deed) dated April 24, 2018 under the Trusts Act, 1882 entered into and between HBL Asset Management Limited ("the Management Company") and the Central Depository Company of Pakistan Limited ("the Trustee"). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Accordingly, on 17 August 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The objective of the Fund is to maximize the wealth of the unit holders by investing primarily in listed equities in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.
- 1.4 As per Regulation 65 of the NBFC Regulations, all closed end funds were required to convert into open end schemes upon expiry of five years from November 21, 2007 i.e. by November 21, 2012. However closed end funds whose portfolios were frozen as a result of Consent Agreements with Government of Pakistan were allowed to be converted into open end schemes within three months from the date of the removal of the freezing of the portfolios. Since the Fund has frozen portfolio comprising shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited, its conversion into an open end scheme was deferred.
- 1.5 The Board of the Management Company of the Fund in its meeting held on November 23, 2017 approved the conversion plan of the Fund for the conversion of the Fund into an open end scheme, with the approval of the certificate holders of the Fund to fulfill the requirements of the merger order dated August 31, 2016. For this purpose, the plan was presented to and approved by the certificate holders of the Fund in its general meeting dated January 10, 2018. The Plan was also approved by SECP on February 16, 2018.
- 1.6 The replacement trust deed and replacement offering document were approved by SECP vide its letter no. SCD/AMCW/HIF/339/2018 dated April 18, 2018 and letter no. SCD/AMCW/HIF/398/2018 dated June 7, 2018 respectively. As per the approved plan, the conversion took place on July 2, 2018 and every certificate holder of the closed end fund was entitled to following for each certificate held:
- One Class-A unit of the Fund was issued to every certificate holders of Fund for each certificate held representing frozen portfolio and related assets and liabilities.
  - One Class-B unit of the Fund was issued to the every certificate holder of Fund for each certificate held representing unfrozen portfolio and related assets and liabilities.
- 1.7 The plan also envisages that Class-A units would not be redeemable and would be traded on the Pakistan Stock Exchange Limited. Whereas Class-B units can be redeemed at the redemption price.
- 1.8 VIS Credit Rating Company Limited (VIS) has maintained the Management Quality Rating to AM-I dated December 29, 2023 (2023: AM-I dated December 30, 2022) and the outlook on the rating has been assigned as 'Stable' (2023: Stable). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.

1.9 The title to the assets of the Fund are held in the name of CDC as Trustee of the Fund.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

### **2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and, therefore, have not been disclosed in these financial statements except for the following:

During the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that these provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

### **2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or will not have any material effect on the Fund's financial statements except for the following:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB, IFRS 18 is yet to be applicable in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and

- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

## **2.4 Significant accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, impairment and valuation of financial assets (notes 3.2 and 5), provision for federal excise duty (note 12.1).

## **2.5 Accounting convention**

These financial statements have been prepared under the historical cost convention except for investments that have been carried at fair values.

## **2.6 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

# **3 MATERIAL ACCOUNTING POLICY INFORMATION**

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

## **3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

## **3.2 Financial assets**

### **3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.



### **3.2.2 Classification and subsequent measurement**

#### **3.2.2.1 Equity instruments**

The investment of the Fund in equity securities is valued on the basis of quoted market price available at the stock exchange.

All equity investments are measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement".

The dividend income for equity securities classified under FVOCI are to be recognised in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the Income Statement on derecognition.

#### **3.2.2 Impairment**

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

#### **3.2.4 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

#### **3.2.3 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

#### **3.2.4 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. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

#### **3.3 Financial liabilities**

All financial liabilities are recorded 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 discharged when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

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

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

#### **3.5 Provisions**

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

#### **3.6 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 circulation at the year end.

#### **3.7 Issue and redemption of units**

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

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

#### **3.8 Distribution to the unit holders**

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the MUFAP guidelines duly consented by the SECP, distribution for the year also includes income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

**3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

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

**3.10 Revenue recognition**

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as are recorded in the year in which these arise.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on bank balances is recognised on an accrual basis.

**3.11 Expenses**

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

**3.12 Taxation**

**Current**

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

**Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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

### 3.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings / (loss) per unit is not practicable as disclosed in note 17.

### 3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

## 4. BANK BALANCES

Note	-----2024-----			-----2023-----		
	Class A	Class B	Total	Class A	Class B	Total

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

Savings accounts	4.1	233,355	139,826	373,181	266,918	161,912	428,830
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- 4.1 These include balances of Rs. 0.689 million (2023: Rs. 0.580 million) with Habib Bank Limited (a related party) carrying profit at the rate of 16.00% (2023: 14.50% to 19.50%) per annum, Rs. 226.192 million (2023: Rs. 44.305 million) with HBL Microfinance Bank Limited (a related party) carrying profit at the rate of 20.25% to 22.00% (2023: 16.25% to 22.25%) per annum and Rs. 103.832 million (2023: Rs. 152.725 million) with MCB Bank Limited (a related party) carrying profit at the rate of 18% (2023: 8% to 18%) per annum. Other saving accounts of the Fund carry profit at the rates ranging from 15.50% to 21.50% (2023: 14.75% to 21.85%) per annum.

## 5. INVESTMENTS

Note	-----2024-----			-----2023-----		
	Class A	Class B	Total	Class A	Class B	Total

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

#### At fair value through other comprehensive income

- Quoted equity securities	5.1.1 & 5.1.4	1,858,820	-	1,858,820	1,233,972	-	1,233,972
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#### At fair value through profit or loss

- Quoted equity securities	5.1.2, 5.1.3 & 5.1.4	-	701,105	701,105	-	416,220	416,220
		1,858,820	701,105	2,559,925	1,233,972	416,220	1,650,192

## 5.1 Quoted equity securities

### 5.1.1 Class A - At fair value through other comprehensive income

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									Total market value of investments of Class A	Net assets of Class A	
									(Number of shares)		

#### Oil and gas marketing companies

Sui Northern Gas Pipeline Limited	2,488,024	-	-	-	2,488,024	33,053	157,915	124,862	8.50%	7.82%	0.39%
Pakistan State Oil Company Limited (note 5.1.4)	10,233,471	-	-	-	10,233,471	484,438	1,700,905	1,216,467	91.50%	84.24%	2.18%

#### Total as at June 30, 2024

**517,491 1,858,820 1,341,329**

#### Total as at June 30, 2023

**517,491 1,233,972 716,481**

5.1.1.1 The above mentioned shares of Sui Northern Gas Pipelines Limited and Pakistan State Oil Company Limited are frozen / blocked by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, 2008 does not apply to the above frozen shares.

#### Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial asset at fair value through other comprehensive income'

Note

#### Class A

2024 2023

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

Market value of investments

5.1.1

1,858,820

1,233,972

Less: cost of investments

5.1.1

(517,491)

(517,491)

1,341,329

716,481

Add: changes in fair value of investments disposed of during the year

-

-

Less: net unrealised appreciation in the fair value of investments at the beginning of the year

716,481

1,326,144

Less: amount of appreciation pertaining to disposed of securities

-

-

716,481

1,326,144

624,848

(609,663)

## 5.1.2 Class B - At fair value through profit or loss

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / rights issue during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
									Total market value of investments of Class B	Net assets of the Class B	
						(Number of shares)		(Rupees in '000)			
<b>Insurance</b>											
Adamjee Insurance Company Limited	-	178,000	-	178,000	-	-	-	-	-	-	-
TPL Insurance Limited (note 5.1.4)	225,480	-	-	24,211	201,269	4,168	2,886	(1,282)	0.41%	0.42%	0.10%
						4,168	2,886	(1,282)	0.41%	0.42%	
<b>Textile Spinning</b>											
Sunshine Cotton Mills Limited *	50,000	-	-	-	50,000	-	-	-	-	-	-
						-	-	-	-	-	
<b>Textile Weaving</b>											
Mohib Exports Limited *	40,820	-	-	-	40,820	6	6	-	-	-	-
						6	6	-	-	-	
<b>Cement</b>											
D.G. Khan Cement Company Limited	217,531	1,197,600	-	1,185,131	230,000	19,616	20,762	1,146	2.96%	2.99%	0.05%
Lucky Cement Limited * (note 5.1.3)	80,800	116,104	-	189,904	7,000	6,346	6,347	1	0.91%	0.91%	-
Maple Leaf Cement Factory Limited (note 5.1.3)	713,000	957,958	-	870,958	800,000	25,095	30,400	5,305	4.34%	4.38%	0.08%
Fauji Cement Company Limited *	-	1,010,840	-	910,840	100,000	1,773	2,291	518	0.33%	0.33%	-
Pioneer Cement Limited	-	441,000	-	209,000	232,000	24,251	39,127	14,876	5.58%	5.64%	0.10%
Kohat Cement Company Limited	-	32,600	-	32,600	-	-	-	-	-	-	-
Cherat Cement Company Limited	132,916	136,500	-	269,416	-	-	-	-	-	-	-
Gharibwal Cement Limited	-	236,500	-	236,500	-	-	-	-	-	-	-
						77,081	98,927	21,846	14.11%	14.25%	
<b>Power generation &amp; Distribution</b>											
The Hub Power Company Limited (note 5.1.3)	387,813	311,406	-	520,219	179,000	18,444	29,191	10,747	4.16%	4.20%	0.01%
K-Electric Limited	-	2,200,000	-	-	2,200,000	13,472	10,186	(3,286)	1.45%	1.47%	0.01%
Nishat Power Limited	-	776,702	-	776,702	-	-	-	-	-	-	-
						31,916	39,377	7,461	5.62%	5.67%	
<b>Engineering</b>											
International Steels Limited	-	239,500	-	239,500	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	-	546,500	-	546,500	-	-	-	-	-	-	-
						-	-	-	-	-	
<b>Automobile Assembler</b>											
Honda Atlas Cars (Pakistan) Limited	-	49,000	-	4,000	45,000	12,290	12,754	464	1.82%	1.84%	0.03%
Indus Motor Company Limited	-	18,000	-	18,000	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	13,500	-	13,500	-	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	327,301	-	292,801	34,500	15,663	28,720	13,057	4.10%	4.14%	0.06%
						27,953	41,474	13,521	5.92%	5.97%	
<b>Pharmaceuticals</b>											
The Searle Company Limited * (note 5.1.4)	2,376	246,000	-	246,000	2,376	141	136	(5)	0.02%	0.02%	-
Ferozsons Laboratories Limited	-	125,400	-	125,400	-	-	-	-	-	-	-
Abbott Laboratories (Pakistan) Limited	-	13,300	-	13,300	-	-	-	-	-	-	-
AGP Limited	-	453,800	-	453,800	-	-	-	-	-	-	-
Highnoon Laboratories Limited	-	19,600	-	19,600	-	-	-	-	-	-	-
						141	136	(5)	0.02%	0.02%	
<b>Paper &amp; Board</b>											
Century Paper & Board Mills Limited	-	673,000	-	673,000	-	-	-	-	-	-	-
						-	-	-	-	-	
<b>Glass &amp; Ceramics</b>											
Tariq Glass Industries Limited	120,000	363,000	-	483,000	-	-	-	-	-	-	-
Ghani Glass Limited	-	538,000	-	538,000	-	-	-	-	-	-	-
						-	-	-	-	-	
<b>Miscellaneous</b>											
TPL Properties Limited	-	1,150,000	-	-	1,150,000	13,474	10,051	(3,423)	1.43%	1.45%	0.20%
Pakistan Aluminium Beverage Cans Limited	-	294,000	-	294,000	-	-	-	-	-	-	-
Pakistan Hotels Developers Limited	-	10,500	-	10,500	-	-	-	-	-	-	-
						13,474	10,051	(3,423)	1.43%	1.45%	
<b>Balance carried forward</b>						154,739	192,857	38,118			

# HBL Investment Fund

## Notes to the financial statements

For the year ended June 30, 2024

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / rights issue during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
									Total market value of investments of Class B	Net assets of the Class B	
(Number of shares)						(Rupees in '000)					
Balance brought forward						154,739	192,857	38,118			
Oil & gas exploration companies											
Oil & Gas Development Company Limited (note 5.1.3)	438,535	578,265	-	630,300	386,500	39,899	52,321	12,422	7.46%	7.54%	0.01%
Pakistan Petroleum Limited (note 5.1.3)	478,366	689,792	-	692,061	476,097	37,085	55,756	18,671	7.95%	8.03%	0.02%
Mari Petroleum Company Limited * (note 5.1.3)	14,286	9,440	-	17,526	6,200	10,037	16,817	6,780	2.40%	2.42%	-
						87,021	124,894	37,873	17.81%	17.99%	
Oil & gas marketing companies											
Pakistan State Oil Company Limited	-	376,891	-	251,891	125,000	16,472	20,776	4,304	2.97%	3.00%	0.03%
Shell Pakistan Limited	-	112,000	-	112,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	433,582	842,000	-	847,582	428,000	19,446	27,165	7,719	3.87%	3.91%	0.07%
Attock Petroleum Limited	-	35,024	-	35,024	-	-	-	-	-	-	-
						35,918	47,941	12,023	6.84%	6.91%	
Refinery											
Attock Refinery Limited	73,426	173,500	-	143,426	103,500	39,554	36,390	(3,164)	5.19%	5.24%	0.10%
National Refinery Limited	-	129,000	-	-	129,000	38,744	34,247	(4,497)	4.88%	4.93%	0.16%
Pakistan Refinery Limited	-	300,000	-	300,000	-	-	-	-	-	-	-
						78,298	70,637	(7,661)	10.08%	10.18%	
Commercial banks											
National Bank of Pakistan Limited	-	614,000	-	614,000	-	-	-	-	-	-	-
Askari Bank Limited	-	502,000	-	502,000	-	-	-	-	-	-	-
Bank Al-Falah Limited	-	230,419	-	230,419	-	-	-	-	-	-	-
Faysal Bank Limited * (note 5.1.4)	8,764	740,000	-	740,000	8,764	219	460	241	0.07%	0.07%	-
MCB Bank Limited	-	399,463	-	399,463	-	-	-	-	-	-	-
United Bank Limited (note 5.1.3)	283,932	523,310	-	536,742	270,500	40,699	69,313	28,614	9.89%	9.98%	0.02%
Bank Al-Habib Limited	362,000	934,867	-	856,867	440,000	33,422	49,359	15,937	7.04%	7.11%	0.04%
Meezan Bank Limited * (note 5.1.3)	270,951	162,500	-	355,451	78,000	9,069	18,672	9,603	2.67%	2.69%	-
BankIslami Pakistan Limited	241,000	2,063,000	-	2,017,500	286,500	5,678	6,377	699	0.91%	0.92%	0.03%
Habib Bank Limited (note 5.1.3)	161,108	1,125,000	-	1,095,108	191,000	22,249	23,690	1,441	3.38%	3.41%	0.01%
						111,336	167,871	56,535	23.95%	24.18%	
Fertilizer											
Engro Corporation Limited	34,173	234,116	-	268,289	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	548,727	-	548,727	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	268,000	-	268,000	-	-	-	-	-	-	-
Engro Fertilizers Limited (note 5.1.3)	106,777	829,649	-	808,926	127,500	14,788	21,193	6,405	3.02%	3.05%	0.01%
						14,788	21,193	6,405	3.02%	3.05%	
Automobile Parts & Accessories											
Panther Tyres Limited	-	287,500	-	287,500	-	-	-	-	-	-	-
						-	-	-	-	-	-
Technology & communication											
Netsol Technologies	-	294,000	-	-	294,000	42,518	39,913	(2,605)	5.69%	5.75%	0.33%
Systems Limited	42,933	171,561	-	214,494	-	-	-	-	-	-	-
TPL Trakker Limited (note 5.1.3)	5,574,000	200,000	-	-	5,774,000	50,849	35,799	(15,050)	5.10%	5.16%	3.08%
Air Link Communication Limited	-	594,499	-	594,499	-	-	-	-	-	-	-
						93,367	75,712	(17,655)	10.79%	10.91%	
Foods & personal care products											
Unity Foods Limited	-	534,000	-	534,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Total as at June 30, 2024						575,467	701,105	125,638			
Total as at June 30, 2023						423,944	416,220	(7,724)			

\* Nil figures due to rounding off

5.1.2.1 All shares have a face value of Rs. 10 each except for the shares of K-Electric Limited that have face value of Rs. 3.5 each.

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

**Note**

Class B	
2024	2023
----- Rupees in '000 -----	
Market value of investments	416,220
Less: carrying value of investments	(423,944)
	<b>(7,724)</b>

Market value of investments

5.1.2

701,105

Less: carrying value of investments

5.1.2

(575,467)

125,638

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

	2024	2023	2024	2023
	-- (Number of shares) --		----- Rupees in '000 -----	
Engro Fertilizers Limited	-	10,000	-	825
Habib Bank Limited	-	63,000	-	4,613
United Bank Limited	15,000	100,000	3,844	11,754
TPL Trakker Limited	100,000	100,000	620	884
Oil & Gas Development Company Limited	193,000	140,000	26,126	10,920
Pakistan Petroleum Limited	176,000	76,000	20,611	4,495
Lucky Cement Limited	-	4,000	-	2,088
Mari Petroleum Company Limited	3,000	3,000	8,137	4,544
Meezan Bank Limited	950	49,000	227	4,232
Maple Leaf Cement Factory Limited	40,000	40,000	1,520	1,133
The Hub Power Company Limited	20,000	-	3,262	-
	<u>547,950</u>	<u>585,000</u>	<u>64,347</u>	<u>45,488</u>

- 5.1.4 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposit tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. Subsequent to the year ended June 30, 2019, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honorable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

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

As at June 30, 2024, the following bonus shares of Class A and Class B have been withheld by certain companies at the time of declaration of bonus shares respectively.



Name of the company	Class A			
	2024		2023	
	----- Bonus shares -----			
	Number of shares withheld	Market value as at June 30, 2024	Number of shares withheld	Market value as at June 30, 2023
	Rupees in '000		Rupees in '000	
Pakistan State Oil Company Limited	85,273	14,173	85,273	9,466

Name of the company	Class B			
	2024		2023	
	Bonus shares			
	Number of shares withheld	Market value as at June 30, 2024	Number of shares withheld	Market value as at June 30, 2023
	Rupees in '000		Rupees in '000	
The Searle Company Limited	2,376	136	2,376	91
Faysal Bank Limited	8,764	460	8,764	177
TPL Insurance Limited	768	11	768	16
	11,908	607	11,908	284

6	DIVIDEND AND PROFIT RECEIVABLE	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			Rupees in '000					
	Profit receivable on bank balances		3,887	1,895	5,782	4,746	2,507	7,253
	Dividend receivable		4,370	399	4,769	3,730	96	3,826
			8,257	2,294	10,551	8,476	2,603	11,079

7	DEPOSITS AND OTHER RECEIVABLE							
	Security deposits with:							
	- National Clearing Company of Pakistan Limited		-	2,500	2,500	-	2,500	2,500
	- Central Depository Company of Pakistan Limited		100	200	300	100	200	300
	Advance tax	7.1	318	1,949	2,267	11	1,119	1,130
			418	4,649	5,067	111	3,819	3,930

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on dividends and profit on bank deposits amounts to Rs. 2.267 million (2023: Rs. 1.130 million).

For this purpose, the MUFAP on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honorable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on bank deposits has been shown as other receivables as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

## 8 RECEIVABLE FROM HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the TER in respect of each CIS to ensure the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each Quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in regulation 60(5) of the NBFC Regulations.

During the year ended June 30, 2024 and June 30, 2023, the Fund was in breach of the TER ratio of maximum 4.5% as prescribed under NBFC Regulations for a CIS categorised as equity scheme. As a result the Fund recorded receivable from the Management Company to comply with the TER.

9	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	-----2024-----			-----2023-----		
			Class A	Class B	Total	Class A	Class B	Total
			-----Rupees in '000-----					
	Remuneration payable	9.1	2,583	1,710	4,293	1,827	740	2,567
	Sindh Sales Tax on remuneration of the Management Company	9.2	336	222	558	238	96	334
	Allocation of expenses related to registrar services, accounting, operation and valuation services payable	9.3	947	-	947	670	204	874
	Selling and marketing expenses payable	9.4	-	633	633	-	1,200	1,200
			3,866	2,565	6,431	2,735	2,240	4,975

### 9.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, the

Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. During the year, the remuneration is charged at the rate of 1.5% (2023: 1.5%) and at the rates ranging from 2% to 3% (2023: 2%) per annum of average daily net assets of the Fund for Class A and Class B, respectively.

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

### 9.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its discretion has charged allocated expenses at the rate of 0.55% and at the rates ranging from 0% to 0.67% per annum of the average daily net assets of the Fund during the year (2023: 0.55% for Class A and Class B) for Class A and Class B respectively.

**9.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rates ranging from 0% to 1.05% (2023: 1.05%) for Class B per annum of the average daily net assets of the Fund, whereas as no selling and marketing expenses has been charged for Class A, during the year, while keeping in view the overall return and Total Expense Ratio limit of the Fund as defined under the NBFC Regulations.

**9.4.1** As per the instructions of SECP via letter No. SCD/AMCW/HBLAML/9/2020 dated October 19, 2020, the Management Company ceased to charge selling and marketing expenses to the certificate holders of Class A with effect from November 01, 2020.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			Rupees in '000					
	Remuneration payable to the Trustee	10.1	253	118	371	204	74	278
	Sindh Sales Tax payable on remuneration of the Trustee	10.2	33	15	48	27	10	37
	CDS charges payable		-	13	13	-	10	10
			286	146	432	231	94	325

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund for the year ended June 30, 2024 and June 30, 2023 is as follows:

Tariff structure	
Net assets	Fee
- Up to Rs. 1,000 million	0.02% of the net assets
- From Rs. 1,000 million to Rs. 5,000 million	Rs. 2.0 million plus 0.10% exceeding Rs. 1,000 million

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

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF 'PAKISTAN	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			-----Rupees in '000-----					
	Annual fee payable	11.1	164	54	218	354	103	457

- 11.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.095% per annum of the daily net assets of the Fund, applicable to an "Equity Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.095% per annum of the daily net assets during the year.

Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay the SECP fee within three months of the close of accounting year.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024			2023		
			Class A	Class B	Total	Class A	Class B	Total
			-----Rupees in '000-----					
	Provision for Federal excise duty payable on the Management Company's remuneration	12.1	-	55,961	55,961	-	55,961	55,961
	Auditors' remuneration		502	186	688	402	137	539
	Security transaction costs		-	62	62	-	43	43
	Brokerage payable		-	221	221	-	706	706
	Withholding tax		37	8,510	8,547	5	289	294
	Zakat payable		-	47	47	-	47	47
	Other payables		42	1,077	1,119	-	1,063	1,063
			581	66,064	66,645	407	58,246	58,653

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 55.961 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the Net Asset Value of the Fund for Class B would have been higher by Re 0.84 (2023: Re 0.75) per unit.

## 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

**14 AUDITORS' REMUNERATION**

	2024			2023		
	Class A	Class B	Total	Class A	Class B	Total
	-----Rupees in '000-----					
Annual audit fee	347	119	466	306	174	480
Half yearly review	232	80	312	89	67	156
Tax consultancy fee and other certification	152	52	204	-	-	-
Out of pocket expenses	96	21	117	39	24	63
	827	272	1,099	434	265	699
Sales tax	66	22	88	35	21	56
	893	294	1,187	469	286	755

**15 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 of is 2.59% and 4.86% (2023: 2.54% and 4.94%) which includes 0.31% and 0.55% (2023: 0.23% and 0.44%) representing government levies on the Fund such as Sales Taxes and annual fee to the SECP etc. for Class A and Class B respectively. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

**16 TAXATION**

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, accordingly no provision for taxation has been made in these financial statements during the year.

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

**17 EARNINGS / (LOSS) PER UNIT**

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

**18 NUMBER OF UNITS IN ISSUE**

	2024			2023		
	Class A	Class B	Total	Class A	Class B	Total
	-----Number of units-----					
Total outstanding as of July 1	284,125,000	74,365,497	358,490,497	284,125,000	110,303,665	394,428,665
Add: Issued during the year	-	9,951,481	9,951,481	-	2,120,068	2,120,068
Less: Redemptions during the year	-	(17,340,065)	(17,340,065)	-	(38,058,236)	(38,058,236)
Total units in issue as of June 30	284,125,000	66,976,913	351,101,913	284,125,000	74,365,497	358,490,497

**19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

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

Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business.

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

19.1

Transactions during the year

2024			2023		
Class A	Class B	Total	Class A	Class B	Total
Rupees in '000					
HBL Asset Management Limited					
- Management Company					
Remuneration of the Management Company					
29,509	14,449	43,958	26,571	10,335	36,906
Sindh Sales Tax on remuneration of the Management Company					
3,836	1,878	5,714	3,454	1,344	4,798
Allocation of expenses related to registrar services, accounting, operation and valuation services					
10,820	2,427	13,247	9,743	2,842	12,585
Selling and marketing expense					
-	4,011	4,011	-	5,426	5,426
Habib Bank Limited - Sponsor					
Dividend income					
-	3,337	3,337	-	1,840	1,840
Bank profit					
-	128	128	-	73	73
Issuance of 29 (2023: Nil) units *					
-	-	-	-	-	-
Redemption of nil (2023: 31,371,160) units					
-	-	-	-	203,605	203,605
* Nil figure due to rounding off					
HBL Micro Finance Bank					
(formerly The First Microfinance Bank) - Associate					
Bank profit					
40,812	4,678	45,490	26,991	286	27,277
Central Depository Company of Pakistan Limited - Trustee					
Trustee remuneration					
2,777	919	3,696	2,541	718	3,259
Sindh Sales Tax payable on Trustee remuneration					
361	120	481	330	93	423
CDC connection charges					
-	171	171	904	216	1,120

		2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
		Rupees in '000					
Jubilee General Insurance Company Limited - Associate							
Issuance of 6,779 (2023: Nil) units		-	70	70	-	-	-
MCB Bank Limited - Connected							
Person due to holding more than 10% units							
Bank profit		36	22,380	22,416	24	21,849	21,873
Dividend income		-	1,187	1,187	-	1,515	1,515
Humera Iqbal							
- Connected Person (Due to holding more than 10% units)							
Issuance of 634,990 (2023: Nil) units		-	6,581	6,581	-	-	-
Directors and Executives of the Management Company							
Issuance of 1,760 (2023: Nil) units		-	18	18	-	-	-
19.2	Balances outstanding at the year end	2024			2023		
		Class A	Class B	Total	Class A	Class B	Total
		Rupees in '000					
HBL Asset Management Limited - Management Company							
Management remuneration payable		2,583	1,710	4,293	1,827	740	2,567
Sindh Sales Tax payable on Management remuneration payable		336	222	558	238	96	334
Allocation of expenses related to registrar services, accounting, operation and valuation services payable		947	-	947	670	204	874
Selling and marketing expense payable		-	633	633	-	1,200	1,200
Habib Bank Limited - Sponsor							
Outstanding 28,062,661 (2023: 48,662,161) units		78,014	-	78,014	75,426	-	75,426
Outstanding 402 (2023: 373) units		-	4	4	-	2	2
Bank balance		-	689	689	-	580	580

	2024			2023		
	Class A	Class B	Total	Class A	Class B	Total
	-----Rupees in '000-----					
<b>HBL Micro Finance Bank</b> <b>(formerly The First Microfinance Bank) - Associate</b>						
Bank balance	221,739	4,453	226,192	43,610	695	44,305
Profit receivable	3,803	76	3,879	3,219	105	3,324
<b>Jubilee General Insurance Company Limited - Associate</b>						
Outstanding 110,112 (2023: 103,333) units	-	1,141	1,141	-	627	627
<b>Jubilee General Insurance Company Limited Staff Provident Fund Trust - Associate</b>						
Outstanding 118,454 (2023: 118,454) units	329	-	329	184	-	184
Outstanding 128,528 (2023: 121,940) units	-	1,332	1,332	-	740	740
<b>Jubilee General Insurance Company Limited Gratuity Fund Trust - Associate</b>						
Outstanding 224,000 (2023: 224,000) units	623	-	623	347	-	347
Outstanding 245,720 (2023: 230,591) units	-	2,547	2,547	-	1,399	1,399
<b>Aga Khan University Employees Provident Fund Trust</b>						
Outstanding 588,000 (2023: 588,000) units	1,635	-	1,635	911	-	911
<b>Aga Khan University Employees Gratuity Fund Trust</b>						
Outstanding 138,000 (2023: 138,000) units	384	-	384	214	-	214
<b>MCB Bank Limited</b>						
<b>Connected person - due to holding more than 10% units</b>						
Bank balance	212	103,620	103,832	175	152,550	152,725
Profit receivable	-	1,489	1,489	-	2,247	2,247
Outstanding 66,090,021 (2023: 66,090,021) units	183,730	-	183,730	102,440	-	102,440
<b>Central Depository Company Of Pakistan Limited - Trustee</b>						
Trustee remuneration	253	118	371	204	74	278
Sindh Sales Tax payable on Trustee remuneration	33	15	48	27	10	37
Security deposit with trustee	100	200	300	100	200	300
CDS charges payable	-	13	13	-	10	10
<b>National Investment Trust Limited - Administration Fund</b>						
Outstanding 60,720 (2023: 60,720) units	169	-	169	94	-	94
Outstanding 62,507 (2023: 62,507) units	-	683	683	-	379	379



**CDC - Trustee National Investment  
(Unit) Trust**

Outstanding 10,108,128  
(2023: 10,108,128) units

**Humera Iqbal**

- Connected Person (Due to holding  
more than 10% units)

Outstanding 10,314,657  
(2023: 9,679,667) units

**Directors and Executives of the  
Management Company**

Outstanding 26,195  
(2023: 26,195) units

Outstanding 28,572  
(2023: 26,812) units

2024			2023		
Class A	Class B	Total	Class A	Class B	Total
Rupees in '000					
28,101	-	28,101	15,668	-	15,668
-	106,911	106,911	-	58,734	58,734
73	-	73	41	-	41
-	296	296	-	163	163

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**FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial assets**

Bank balances  
Investments  
Dividend and profit receivable  
Deposits

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Accrued expenses and other liabilities  
Dividend payable

Class A-		
2024		
At amortised cost	At fair value through other comprehensive income	Total
Rupees in '000		
233,355	-	233,355
-	1,858,820	1,858,820
8,257	-	8,257
100	-	100
241,712	1,858,820	2,100,532
3,866	-	3,866
286	-	286
544	-	544
76,868	-	76,868
81,564	-	81,564

**Financial assets**

Bank balances  
Investments  
Dividend and profit receivable  
Receivable against sale of investments  
Deposits  
Receivable from HBL Asset Management Limited - Management Company

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Payable against purchase of investments  
Accrued expenses and other liabilities  
Unclaimed dividend

Class B-		
2024		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
139,826	-	139,826
-	701,105	701,105
2,294	-	2,294
17,102	-	17,102
2,700	-	2,700
3,033	-	3,033
164,955	701,105	866,060
2,565	-	2,565
146	-	146
18,950	-	18,950
1,546	-	1,546
86,015	-	86,015
109,222	-	109,222

**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Deposits

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities
Dividend payable

-----Class A-----		
2023		
At amortised cost	At fair value through other comprehensive income	Total
----- Rupees in '000 -----		
266,918	-	266,918
-	1,233,972	1,233,972
8,476	-	8,476
100	-	100
275,494	1,233,972	1,509,466
<hr/>		
2,735	-	2,735
231	-	231
402	-	402
113,650	-	113,650
117,018	-	117,018
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**Financial assets**

Bank balances
Investments
Dividend and profit receivable
Receivable against sale of investments
Deposits
Receivable from HBL Asset Management Limited - Management Company

-----Class B-----		
2023		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
161,912	-	161,912
-	416,220	416,220
2,603	-	2,603
23,625	-	23,625
2,700	-	2,700
2,654	-	2,654
193,494	416,220	609,714
<hr/>		

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities
Unclaimed dividend

-----Class B-----		
2023		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
2,240	-	2,240
94	-	94
1,948	-	1,948
85,285	-	85,285
89,567	-	89,567
<hr/>		

**21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit 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 Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

### **(i) Yield / interest rate risk**

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### **a) Sensitivity analysis for variable rate instruments**

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income and net assets of the Class A would have been higher / lower by Rs. 2.334 million (2023: Rs. 2.669 million) and the net income for the year and net assets of the Class B would have been higher / lower by Rs. 1.398 million (2023: net loss would be lower / higher by Rs. 1.619 million and net assets of the Class B would be higher / lower by the same amount).

#### **b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2024 and June 30, 2023, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value interest rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

The Fund's Profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 and June 30, 2023 can be determined as follows:

**CLASS - A**

As at June 30, 2024					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

**On-balance sheet financial instruments**

Rupees in '000

**Financial assets**

Bank balances	15.50% to 22%	233,355	-	-	-	233,355
Investments		-	-	-	1,858,820	1,858,820
Dividend and profit receivable		-	-	-	8,257	8,257
Deposits		-	-	-	100	100
		233,355	-	-	1,867,177	2,100,532

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	3,866	3,866
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	286	286
Accrued expenses and other liabilities		-	-	-	544	544
Dividend payable		-	-	-	76,868	76,868
		-	-	-	81,564	81,564

**On-balance sheet gap (a)**

233,355	-	-	1,785,613	2,018,968
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**Off-balance sheet financial instruments**

-	-	-	-	-
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**Off-balance sheet gap (b)**

-	-	-	-	-
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**Total interest rate sensitivity gap (a+b)**

233,355	-	-		
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**Cumulative interest rate sensitivity gap**

233,355	233,355	233,355		
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**CLASS - B**

As at June 30, 2024					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

**On-balance sheet financial instruments**

Rupees in '000

**Financial assets**

Bank balances	15.50% to 22%	139,826	-	-	-	139,826
Investments		-	-	-	701,105	701,105
Dividend and profit receivable		-	-	-	2,294	2,294
Receivable against sale of investments		-	-	-	17,102	17,102
Deposits		-	-	-	2,700	2,700
Receivable from HBL Asset Management Limited - Management Company		-	-	-	3,033	3,033
		139,826	-	-	726,234	866,060

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	2,565	2,565
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	146	146
Accrued expenses and other liabilities		-	-	-	1,546	1,546
Unclaimed dividend		-	-	-	86,015	86,015
		-	-	-	90,272	90,272

**On-balance sheet gap (a)**

139,826	-	-	635,962	775,788
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**Off-balance sheet financial instruments**

-	-	-	-	-
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**Off-balance sheet gap (b)**

-	-	-	-	-
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**Total interest rate sensitivity gap (a+b)**

139,826	-	-		
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**Cumulative interest rate sensitivity gap**

139,826	139,826	139,826		
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**CLASS - A**

As at June 30, 2023					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

Rupees in '000

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	8% to 22.25%	266,918	-	-	-	266,918
Investments		-	-	-	1,233,972	1,233,972
Dividend and profit receivable		-	-	-	8,476	8,476
Deposits		-	-	-	100	100
		266,918	-	-	1,242,548	1,509,466

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	2,735	2,735
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	231	231
Accrued expenses and other liabilities		-	-	-	402	402
Dividend payable		-	-	-	113,650	113,650
		-	-	-	117,018	117,018

<b>On-balance sheet gap (a)</b>		266,918	-	-	1,125,530	1,392,448
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<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
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<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
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<b>Total interest rate sensitivity gap (a+b)</b>		266,918	-	-	-	-
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<b>Cumulative interest rate sensitivity gap</b>		266,918	266,918	266,918	-	-
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**CLASS - B**

As at June 30, 2023					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

Rupees in '000

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	8% to 22.25%	161,912	-	-	-	161,912
Investments		-	-	-	416,220	416,220
Dividend and profit receivable		-	-	-	2,603	2,603
Receivable against sale of investments		-	-	-	23,625	23,625
Deposits		-	-	-	2,700	2,700
Receivable from HBL Asset Management Limited - Management Company		-	-	-	2,654	2,654
		161,912	-	-	447,802	609,714

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company		-	-	-	2,240	2,240
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	94	94
Accrued expenses and other liabilities		-	-	-	1,948	1,948
Unclaimed dividend		-	-	-	85,285	85,285
		-	-	-	89,567	89,567

<b>On-balance sheet gap (a)</b>		161,912	-	-	358,235	520,147
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<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
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<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
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<b>Total interest rate sensitivity gap (a+b)</b>		161,912	-	-	-	-
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<b>Cumulative interest rate sensitivity gap</b>		161,912	161,912	161,912	-	-
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**(ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**(iii) Price risk**

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'.

loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 10% of net assets and issued capital of the investee company and sector exposure limit to 35% of the net assets.

In case of 5% increase / decrease in the fair value of the Fund's Class A equity securities on June 30, 2024, net assets of the Fund would have increased / decreased by Rs. 92.941 million (2023: Rs. 61.699 million) as a result of losses / gains on equity securities in 'at fair value through other comprehensive income' category, with corresponding effect on other comprehensive income reported in 'Statement of Comprehensive Income'.

In case of 5% increase / decrease in the fair value of the Fund's Class B equity securities on June 30, 2024, net assets of the Fund would have increased / decreased by Rs. 35.055 million (2023: Rs. 20.811 million) as a result of gains / losses on equity securities in 'fair value through profit and loss' category, with corresponding effect on operating income reported in 'Income Statement'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index, is expected to change over time. Accordingly, 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 the level of the KSE 100 Index.

## 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.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. 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 has a policy to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and significant assets of the Fund are readily disposable in the market.

The table below summaries 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 dates. However, liabilities that are payable on demand have been included in the maturity grouping of one month:

Class A						
2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Bank balances	233,355	-	-	-	-	233,355
Investments	-	-	-	-	1,858,820	1,858,820
Dividend and profit receivable	8,257	-	-	-	-	8,257
Deposits	100	-	-	-	-	100
	241,712	-	-	-	1,858,820	2,100,532
<b>Financial liabilities</b>						
Payable to HBL Asset Management Limited - Management Company	3,866	-	-	-	-	3,866
Payable to Central Depository Company of Pakistan Limited - Trustee	286	-	-	-	-	286
Accrued expenses and other liabilities	42	502	-	-	-	544
Dividend payable	76,868	-	-	-	-	76,868
	81,062	502	-	-	-	81,564
<b>Net financial assets / (liabilities)</b>	160,650	(502)	-	-	1,858,820	2,018,968

**Financial assets**

Bank balances  
Investments  
Dividend and profit receivable  
Receivable against sale of investments  
Deposits  
Receivable from HBL Asset Management Limited - Management Company

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Accrued expenses and other liabilities  
Unclaimed dividend

**Net financial assets / (liabilities)**

Class B						
2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
139,826	-	-	-	-	-	139,826
-	-	-	-	-	701,105	701,105
2,294	-	-	-	-	-	2,294
17,102	-	-	-	-	-	17,102
2,700	-	-	-	-	-	2,700
3,033	-	-	-	-	-	3,033
164,955	-	-	-	-	701,105	866,060
2,565	-	-	-	-	-	2,565
146	-	-	-	-	-	146
1,360	186	-	-	-	-	1,546
86,015	-	-	-	-	-	86,015
90,086	186	-	-	-	-	90,272
74,869	(186)	-	-	-	701,105	775,788

**Financial assets**

Bank balances  
Investments  
Dividend and profit receivable  
Deposits

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Accrued expenses and other liabilities  
Dividend payable

**Net financial assets / (liabilities)**

Class A						
2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
266,918	-	-	-	-	-	266,918
-	-	-	-	-	1,233,972	1,233,972
8,476	-	-	-	-	-	8,476
100	-	-	-	-	-	100
275,494	-	-	-	-	1,233,972	1,509,466
2,735	-	-	-	-	-	2,735
231	-	-	-	-	-	231
-	402	-	-	-	-	402
113,650	-	-	-	-	-	113,650
116,616	402	-	-	-	-	117,018
158,878	(402)	-	-	-	1,233,972	1,392,448

**Financial assets**

Bank balances  
Investments  
Dividend and profit receivable  
Receivable against sale of investments  
Deposits  
Receivable from HBL Asset Management Company - Management Company

**Financial liabilities**

Payable to HBL Asset Management Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Accrued expenses and other liabilities  
Unclaimed dividend

**Net financial assets / (liabilities)**

Class B						
2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
161,912	-	-	-	-	-	161,912
-	-	-	-	-	416,220	416,220
2,603	-	-	-	-	-	2,603
23,625	-	-	-	-	-	23,625
-	-	-	-	-	2,700	2,700
2,654	-	-	-	-	-	2,654
190,794	-	-	-	-	418,920	609,714
2,240	-	-	-	-	-	2,240
94	-	-	-	-	-	94
1,812	137	-	-	-	-	1,948
85,285	-	-	-	-	-	85,285
89,431	137	-	-	-	-	89,567
101,363	(137)	-	-	-	418,920	520,147

## 21.3 Credit risk

21.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

**CLASS A**

Bank balances
Investments
Dividend and profit receivable
Deposits

2024		2023	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000			
233,355	233,355	266,918	266,918
1,858,820	-	1,233,972	-
8,257	8,257	8,476	8,476
100	100	100	100
2,100,532	241,712	1,509,466	275,494

**CLASS B**

Bank balances
Investments
Dividend and profit receivable
Receivable against sale of investments
Deposits
Receivable from HBL Asset Management Limited - Management Company

2024		2023	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000			
139,826	139,826	161,912	161,912
701,105	-	416,220	-
2,294	2,294	2,603	2,603
17,102	17,102	23,625	23,625
2,700	2,700	2,700	2,700
3,033	3,033	2,654	2,654
866,060	164,955	609,714	193,494

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 and June 30, 2023 is the carrying amount of the financial assets. The difference is because of investment in equity securities which are not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

**21.3.2 Credit quality of financial assets**

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable, other receivables and receivable against sale of units. The credit rating profile of balances with banks is as follows:

Rating category	Class A		Class B	
	2024	2023	2024	2023
AAA	0.12%	0.11%	13.01%	26.07%
A+	10.69%	3.17%	0.52%	0.13%
A	-	-	0.02%	-
AA-	0.48%	14.24%	2.81%	0.75%
A-	-	0.47%	-	0.01%
	11.29%	17.99%	16.36%	26.96%



### 21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The Fund does not have any collateral against any of the aforementioned assets.

## 22 FAIR VALUE MEASUREMENT

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

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

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

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

	Class 'A			
	2024			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets 'at fair value through other comprehensive income'				
Quoted equity securities	1,858,820	-	-	1,858,820

	Class 'B			
	2024			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss'				
Quoted equity securities	701,105	-	-	701,105

	Class 'A			
	2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets 'at fair value through other comprehensive income'				
Quoted equity securities	1,233,972	-	-	1,233,972

Financial assets 'at fair value through  
profit or loss'

Quoted equity securities

Class 'B			
2023			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
416,220	-	-	416,220

## 23 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavors to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 24 UNIT HOLDING PATTERN OF THE FUND

Category	Class A			
	As at June 30, 2024			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Associated Companies and Directors	9	39,326,158	279,465	13.84%
NIT and ICP	19	40,900	291	0.01%
Banks, DFI and NBFI	23	75,979,329	539,934	26.75%
Insurance Companies	13	5,752,267	40,877	2.02%
Mutual Funds	4	6,179,239	43,912	2.17%
Individual	14,801	132,066,500	938,507	46.49%
Foreign Individuals	168	9,486,396	67,413	3.34%
Others	87	15,288,127	108,642	5.38%
Modarabas *	4	6,084	44	-
	15,128	284,125,000	2,019,085	100%

\* Nil figures due to rounding off

Category	Class B			
	As at June 30, 2024			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
Rupees in '000				
Associated Companies and Directors	7	579,219	6,004	0.86%
Individuals	14,682	50,506,235	523,496	75.41%
Bank and DFIs	14	1,340,181	13,891	2.00%
Insurance Companies	13	6,270,049	64,988	9.36%
Trusts	12	6,309,906	65,403	9.42%
Retirement Funds	5	1,521,504	15,770	2.27%
Others	103	444,362	4,606	0.67%
Foreign Individual	1	5,457	57	0.01%
	14,837	66,976,913	694,215	100%

Category	Class A			
	As at June 30, 2023			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
	Rupees in '000			
Associated Companies and Directors	7	49,030,810	240,231	17.26%
NIT and ICP	19	40,900	200	0.01%
Banks, DFI and NBFI	25	76,366,997	374,168	26.88%
Insurance Companies	13	5,752,267	28,184	2.02%
Mutual Funds *	1	4,748	23	-
Individual	14,676	124,379,389	609,410	43.78%
Foreign Individuals	146	13,636,511	66,814	4.80%
Others	84	14,907,294	73,040	5.25%
Modarabas *	4	6,084	30	-
	14,975	284,125,000	1,392,100	100%

\* Nil figures due to rounding off

Category	Class B			
	As at June 30, 2023			
	Number of units holders	Number of units held	Unit holding or investment amount	Percentage of total
	Rupees in '000			
Associated Companies and Directors	6	483,050	2,931	0.65%
Individuals	14,557	51,774,985	314,160	69.62%
NBFCs	12	5,912,073	35,873	7.95%
Banks and DFIs	5	518,744	3,148	0.70%
Directors	15	7,808,436	47,380	10.50%
Trusts	12	5,868,573	35,610	7.89%
Retirement Funds	5	1,419,199	8,611	1.91%
Others	102	575,316	3,491	0.77%
Foreign Individual	1	5,121	31	0.01%
	14,715	74,365,497	451,235	100%

## 25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION

2024	2023
Name of broker	Name of broker
Intermarket Securities Limited	Intermarket Securities Limited
EFG Hermes Pakistan Limited	Ismail Iqbal Securities Private Limited
Alfalsh Securities (Private) Limited (Formerly) Alfalah	Alfalsh Securities (Private) Limited (Formerly) Alfalah
CLSA Securities (Private) Limited	CLSA Securities (Private) Limited
Arif Habib Limited	Chase Securities Pakistan Private Limited
Optimus Capital Management (Private) Limited	Sherman Securities Private Limited
JS Global Capital Limited	EFG Hermes Pakistan Limited
Topline Securities (Private) Limited	DJM Securities Limited
DJM Securities Limited	JS Global Capital Limited
Fortune Securities Limited	Arif Habib Limited
Sherman Securities (Private) Limited	KTrade Securities Limited (Formerly) Khadim
	Ali Shah Bukhari Securities Limited

## 26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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 + years
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	28 + years
3	Rahat Saeed Khan	Head of Fixed Income	MBA	26 + years
4	Imad Ansari	Head of Risk	MBA	17 + years
5	Ahsan Ali	Head of Research	CFA	8 + years
6	Raza Abbas	Senior Fund Manager	M.Com	21 years

## 27 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. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar	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	-	-

## 28 GENERAL

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

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

28.3 Units have been rounded off to the nearest decimal place.

## 29 DATE OF AUTHORISATION FOR ISSUE

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



**HBL** Financial Sector  
Income Fund

<b>NAME OF FUND</b>	<b>HBL FINANCIAL SECTOR INCOME FUND</b>
<b>NAME OF AUDITOR</b>	<b>BDO Ebrahim &amp; Co. Chartered Accountants</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan Limited.</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited</b> <b>Soneri Bank Limited</b> <b>Allied Bank Limited</b> <b>Bank Alfalah Limited</b> <b>Finca Microfinance Bank Limited</b> <b>HBL Microfinance Bank Limited</b> <b>Khushali Microfinance Bank Limited</b> <b>Meezan Bank Limited</b> <b>Mobilink Microfinance Bank Limited</b> <b>U Microfinance Bank Limited</b>

## Type and Category of Fund

Open end Income Fund

## Investment Objective and Accomplishment of Objective

The objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

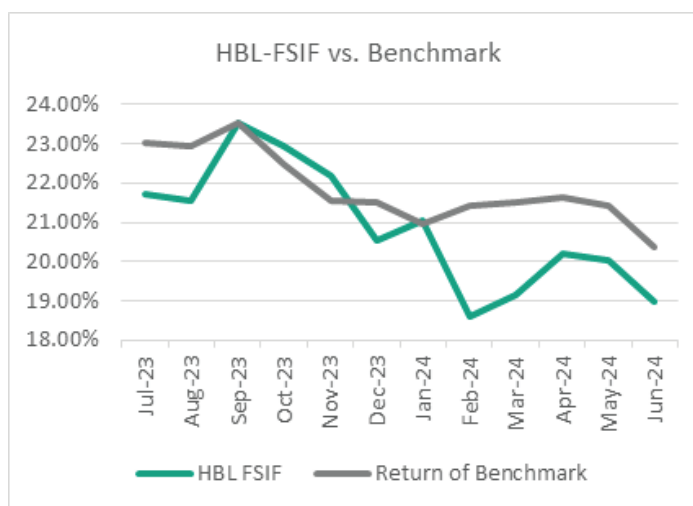
## Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average six month KIBOR Offer rate.

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

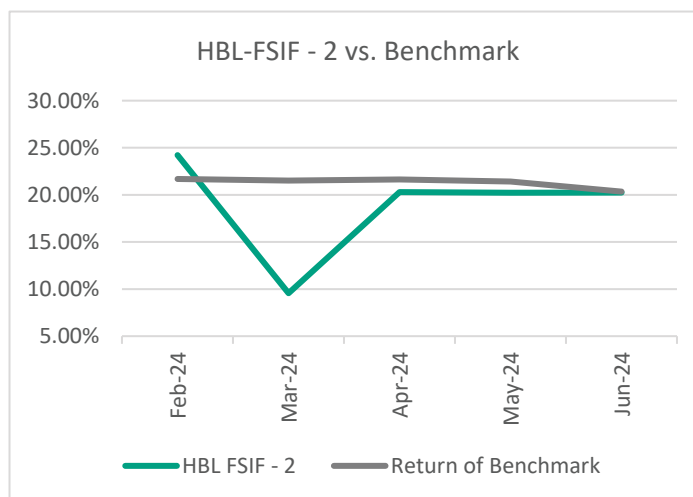
### HBL Financial Sector Income Fund – Plan-I

Month	HBL-FSIF -1	Benchmark
Jun-24	18.97%	20.35%
May-24	20.03%	21.41%
Apr-24	20.22%	21.63%
Mar-24	19.14%	21.51%
Feb-24	18.59%	21.44%
Jan-24	21.06%	20.98%
Dec-23	20.55%	21.53%
Nov-23	22.18%	21.54%
Oct-23	22.96%	22.48%
Sep-23	23.52%	23.55%
Aug-23	21.56%	22.94%
Jul-23	21.72%	23.03%



### HBL Financial Sector Income Fund – Plan-II

Month	HBL-FSIF -2	Benchmark
Jun-24	20.25%	20.35%
May-24	20.23%	21.41%
Apr-24	20.29%	21.63%
Mar-24	9.56%	21.51%
Feb-24	24.22%	21.68%
Jan-24	NA	NA
Dec-23	NA	NA
Nov-23	NA	NA
Oct-23	NA	NA
Sep-23	NA	NA
Aug-23	NA	NA
Jul-23	NA	NA



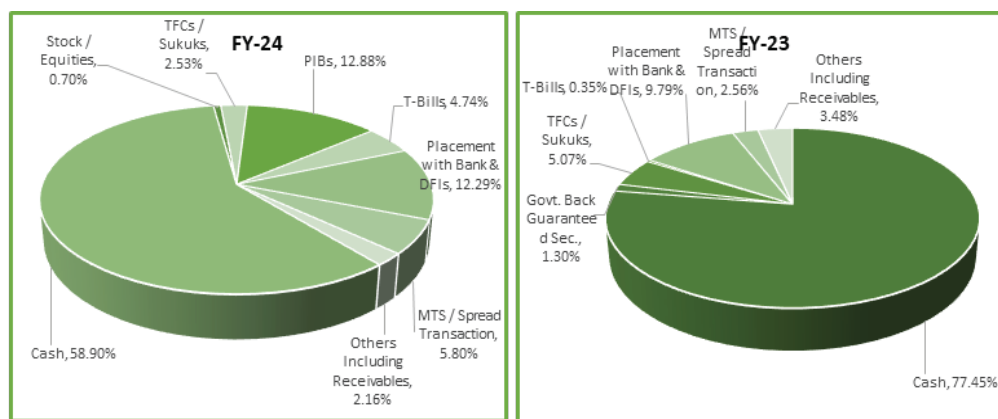
## Strategies and Policies employed during the Year Plan-I

As at June end, cumulative exposure in Financial Sector Placements along with bank deposits accounted for 71.19% of total assets. Government securities accounted for 17.62%, MTS/ Spread transactions for 5.50% and TFCs/Sukuks accounted for 2.53% of total assets. Due to high rate of returns in fixed income, the fund maintained a sizable cash balance with Commercial Banks and Micro Finance Banks.

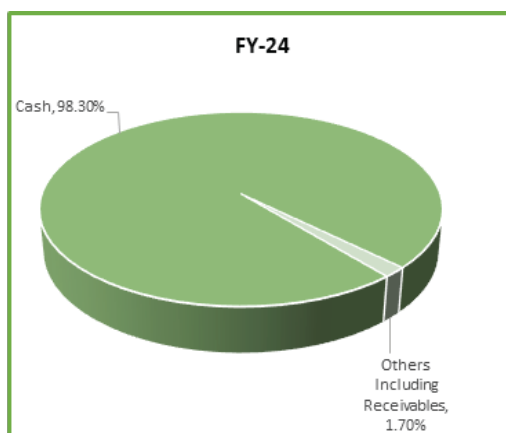
## Plan-II

As at June end, the overall exposure in Financial Sector Placements was as bank deposits which accounted for 98.30% of total assets. The Fund invested majority of the amount in DPAs with Commercial Banks and Micro Finance Banks at attractive rate of returns.

### Asset Allocation



### Asset Allocation - Plan II



## Fund Performance

### HBL Financial Sector Income Fund

The Fund as a whole earned a total and net income of Rs. 9.33 billion and Rs. 8.59 billion respectively. The collective size of the Fund as at June 30, 2024 was 60.67 billion. Performance of each plan is presented below.

#### HBL Financial Sector Income Fund – Plan-I

The total income and net income of the Fund was Rs. 8.68 billion and Rs. 7.96 billion respectively during the period ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 102.0570 per unit as on June 30, 2024, after incorporating dividends of Rs. 19.9619 per unit, as compared to Rs. 100.8692 per unit as on June 30, 2023, thereby giving an annualized return of 22.11%. During the same period, the benchmark (6 Month KIBOR) return was 18.82%. The size of Fund was Rs. 50.71 billion as on June 30, 2024 as compared to Rs. 27.43 billion as at start of the year.



## HBL Financial Sector Income Fund – Plan-II

The Financial Sector Income Fund Plan-II commenced its operations on February 20, 2024.

The total income and net income of the Fund was Rs. 647.43 billion and Rs. 624.64 billion respectively during the period ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 100.1090 per unit as on June 30, 2024, after incorporating dividends of Rs. 6.3693 per unit, thereby giving an annualized return of 18.51%. During the same period, the benchmark return was 21.26%. The size of Fund was Rs. 9.96 billion as on June 30, 2024.

### 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.

### Distribution

The Fund has distributed cash dividend up-to Rs. 19.9619 per unit for the year ended June 30, 2024 from HBL Financial Sector Income Fund Plan-I and Rs. 6.3693 per unit from HBL Financial Sector Income Fund Plan-II.

### Significant Changes in the State of Affairs

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

**Breakdown of Unit Holding by Size – Plan-I**

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	182	4,485
101 – 500	88	19,251
501 – 1,000	41	29,577
1,001 – 10,000	386	1,809,268
10,001 – 100,000	716	27,482,152
100,001 – 500,000	384	89,718,409
500,001 – 1,000,000	81	56,385,949
1,000,001 – 5,000,000	59	119,672,273
5,000,001 and above	10	201,751,929
<b>Total</b>	<b>1,947</b>	<b>496,873,293</b>

**Breakdown of Unit Holding by Size – Plan-II**

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	-	-
101 – 500	-	-
501 – 1,000	-	-
1,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 – 500,000	-	-
500,001 – 1,000,000	-	-
1,000,001 – 5,000,000	-	-
5,000,001 and above	1	99,462,770
<b>Total</b>		<b>99,462,770</b>

**Unit Splits**

There were no unit splits during the year.

**Circumstances materially affecting the Interest of Unit Holders**

Investments are subject to market risk.

**Soft Commission**

The Management Company from time to time receives research reports and presentations from brokerage houses.

**HBL Financial Sector Income Fund Plan-I  
Performance Table**

**HBL Financial Sector Income Fund Plan-II  
Performance Table**

	2024	2023	2022	2024
Net assets at the period end (Rs'000)	50,709,379	27,434,480	45,830,084	9,957,117
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>				
Redemption	102.0570	100.8692	100.0454	100.1090
Offer	104.4043	103.1488	102.3064	102.3715
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>				
Highest offer price per unit	105.9376	104.3315	103.4676	102.3724
Lowest offer price per unit	103.1892	100.3036	100.0000	100.0000
Highest redemption price per unit	103.5558	102.0257	101.1809	100.1090
Lowest redemption price per unit	100.8692	100.0454	100.0000	100.0000
<b>RETURN ( % )</b>				
Total return	22.11%	18.26%	13.26%	0.1851
Income distribution	19.79%	16.07%	5.77%	0.1761
Capital growth	2.32%	2.19%	7.49%	0.0090
<b>DISTRIBUTION</b>				
Final dividend distribution (Rs)	19.9619	16.0773	5.7692	6.3693
Date of Income Distribution	Various dates	Various dates	Various dates	
Total dividend distribution for the year/ period (Rs)	19.9619	16.0773	5.7692	6.3693
<b>AVERAGE RETURNS ( % )</b>				
Average annual return 1 year	22.11%	18.26%	13.26%	18.51%
Weighted average portfolio during (No. of days)	243	188	5	1
<b>PORTFOLIO COMPOSITION - ( % )</b>				
Percentage of Total Assets as at 30 June:				
Bank Balances	58.90%	77.45%	93.69%	98.30%
TFCs	2.53%	5.07%	0.98%	0.00%
PIBs	12.88%	1.30%	0.00%	0.00%
Tbill	4.74%	0.35%	0.95%	0.00%
Placement with Banks and DFIs	12.29%	9.79%	0.00%	0.00%
MTS / Spread Transaction	5.80%	2.56%	0.29%	0.00%
Commercial Paper	0.00%	0.00%	2.48%	0.00%
Others Including receivables	2.86%	3.48%	1.61%	1.70%

**Note:**

The Launch date of the Fund is January 18, 2022

**Note:**

The Launch date of the Fund is February 19, 2024

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL FINANCIAL SECTOR INCOME FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Financial Sector Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

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

Karachi, September 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 UNITHOLDERS OF HBL FINANCIAL SECTOR INCOME FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Financial Sector Income 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 unit holders' fund 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2024, the investments held by the Fund comprised of debt instruments amounting to Rs.16,919.39 million which represent 27.79% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• We evaluated the design and implementation of key controls over investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li></ul>





S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of debt instruments valuations on the basis of prices at the Mutual Fund Association of Pakistan (MUFAP) as at June 30, 2024 and matching the valuation of investment with that appearing in the financial statements.</li> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> </ul>

#### 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.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

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

#### 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: AR202410166PiMroNhkF

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS



# **HBL Financial Sector Income Fund** **Statement of Assets and Liabilities** *As at June 30, 2024*

		-----'2024-----			2023
		Plan I	Plan II	Total	Plan I
	Note	----- (Rupees in '000) -----			
ASSETS					
Balances with banks	5	29,967,092	9,801,156	39,768,248	21,368,472
Investments	6	16,919,388	-	16,919,388	5,034,081
Receivable against margin trading system		2,952,796	-	2,952,796	705,005
Profit / mark-up receivable	7	1,029,039	169,254	1,198,293	475,127
Advances, deposits and prepayments	8	33,772	-	33,772	5,020
TOTAL ASSETS		50,902,087	9,970,410	60,872,497	27,587,705
LIABILITIES					
Payable to the Management Company	9	95,765	4,686	100,451	36,617
Payable to the Trustee	10	3,566	689	4,255	1,828
Payable to Securities and Exchange Commission of Pakistan	11	3,147	608	3,755	5,639
Payable against purchase of investments - net		-	-	-	895
Accrued expenses and other liabilities	12	90,230	7,310	97,540	108,246
TOTAL LIABILITIES		192,708	13,293	206,001	153,225
NET ASSETS		50,709,379	9,957,117	60,666,496	27,434,480
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)					
		50,709,379	9,957,117	60,666,496	27,434,480
CONTINGENCIES AND COMMITMENTS					
	13	----- (Number of Units) -----			
Number of units in issue	14	496,873,293	99,462,770	596,336,063	271,980,769
		----- (Rupees) -----			
Net assets value per unit		102.0570	100.1090		100.8692

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

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

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

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

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

**HBL Financial Sector Income Fund**  
**Income Statement**  
For the year ended June 30, 2024

		For the period from February 20, 2024 to June 30, 2024			2023
	2024	Plan I	Plan II	Total	Plan I
Note		----- (Rupees in '000) -----			
<b>Income</b>					
Capital gain / (loss) on sale of investments - net	31,138	-		31,138	(13,831)
Income from Government securities	1,384,569	-		1,384,569	397,965
Income from money market transactions and placements	1,125,262	-		1,125,262	207,104
Income from corporate sukuk bonds	340,369	-		340,369	215,976
Mark-up from margin trading system	499,207	-		499,207	92,459
Mark-up on bank deposits	5,180,299	647,429		5,827,728	4,073,719
Dividend Income on Equity Securities	123,818	-		123,818	-
	8,684,662	647,429		9,332,091	4,973,392
Unrealised (diminution) / appreciation on re-measurement of investments - classified as financial assets at 'fair value through profit or loss'	6.2	(705)	-	(705)	47,209
	8,683,957	647,429		9,331,386	5,020,601
<b>Expenses</b>					
Remuneration of the Management Company	9.1	417,504	15,649	433,153	174,091
Sindh Sales Tax on remuneration of the Management Company	9.2	54,276	2,034	56,310	22,632
Remuneration of the Trustee	10.1	29,174	2,283	31,457	21,146
Sindh Sales Tax on remuneration of the Trustee	10.2	3,793	297	4,090	2,749
Annual fee to Securities and Exchange Commission of Pakistan	11.1	29,100	2,277	31,377	5,639
Allocation of fees and expenses related to registrar services, accounting, operation and valuation services	9.3	84,104	-	84,104	63,050
Selling and marketing expenses	9.5	78,186	-	78,186	63,050
Auditors' remuneration	15	655	250	905	503
Fees and subscription		356	-	356	100
Securities transaction costs and settlement charges		22,148	-	22,148	9,115
Bank charges		768	-	768	722
Formation Cost		169	-	169	158
		720,233	22,790	743,023	362,955
<b>Net income for the year before taxation</b>		7,963,724	624,639	8,588,363	4,657,646
Taxation	16	-	-	-	-
<b>Net income for the year after taxation</b>		7,963,724	624,639	8,588,363	4,657,646
<b>Allocation of net income for the year</b>					
Income already paid on redemption of units		2,892,819	-	2,892,819	1,168,680
Accounting income available for distribution:					
Relating to capital gains		19,378	-	19,378	25,002
Excluding capital gains		5,051,527	624,639	5,676,167	3,463,964
		5,070,905	624,639	5,695,545	3,488,966
		7,963,724	624,639	8,588,363	4,657,646
Earnings per unit	17				

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

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

	2024	For the period from February 20, 2024 to June 30, 2024		2023
	Plan I	Plan II	Total	Plan I
			----- (Rupees in '000) -----	
Net income for the year	7,963,724	624,639	8,588,363	4,657,646
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>7,963,724</u>	<u>624,639</u>	<u>8,588,363</u>	<u>4,657,646</u>

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

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

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

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

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

# HBL Financial Sector Income Fund

## Statement of Movement In Unitholders' Fund

For the year ended June 30, 2024

	Plan I					
	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in '000)						
Net assets at beginning of the year	27,230,280	204,200	27,434,480	45,819,471	10,612	45,830,083
Issuance of 2,109,827,650 units (2023: 1,746,391,640 units)						
Capital value (at net asset value per unit at the beginning of the year)	212,816,628	-	212,816,628	175,598,101	-	175,598,101
Element of income	3,150,843	-	3,150,843	445,558	-	445,558
Total proceeds on issue of units	215,967,471	-	215,967,471	176,043,659	-	176,043,659
Redemption of 1,884,934,866 (2023: 1,932,503,700 units)						
Capital value (at net asset value per unit at the beginning of the year)	(190,131,872)	-	(190,131,872)	(193,338,106)	-	(193,338,106)
Income already paid on redemption of units	-	(2,892,819)	(2,892,819)	-	(1,168,680)	(1,168,680)
Element of loss	(365,180)	-	(365,180)	(415,093)	-	(415,093)
Total payments on redemption of units	(190,497,052)	(2,892,819)	(193,389,872)	(193,753,199)	(1,168,680)	(194,921,879)
Total comprehensive income for the year	-	7,963,724	7,963,724	-	4,657,646	4,657,646
Distribution during the year	-	(4,432,436)	(4,432,436)	-	(3,295,378)	(3,295,378)
Refund of capital	(2,833,989)	-	(2,833,989)	(879,651)	-	(879,651)
	(2,833,989)	3,531,288	697,299	(879,651)	1,362,268	482,617
Net assets at end of the year	49,866,710	842,669	50,709,379	27,230,280	204,200	27,434,480
Undistributed income brought forward						
Realised income		156,991			10,183	
Unrealised gain		47,209			429	
		204,200			10,612	
Accounting income available for distribution						
Relating to capital gains	19,378			25,002		
Excluding capital gains	5,051,527			3,463,964		
	5,070,905			3,488,966		
Distribution during the year	(4,432,436)			(3,295,378)		
Undistributed income carried forward		842,669			204,200	
Undistributed income carried forward						
Realised income		843,374			156,991	
Unrealised (loss) / income		(705)			47,209	
		842,669			204,200	
			Rupees			Rupees
Net assets value per unit at beginning of the year			100.8692			100.0454
Net assets value per unit at end of the year			102.0570			100.8692

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Financial Sector Income Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2024

Plan II		
2024		
Capital value	Undistributed income	Total
----- (Rupees in '000) -----		
Net assets at beginning of the period	-	-
Issuance of 250,037,339 units		
Capital value (at net asset value per unit at the beginning of the period)	25,003,734	25,003,734
Element of income	-	-
<b>Total proceeds on issue of units</b>	25,003,734	25,003,734
Redemption of 150,574,569 units		
Capital value (at net asset value per unit at the beginning of the period)	(15,057,457)	(15,057,457)
Income already paid on redemption of units	-	-
Element of loss	-	-
<b>Total payments on redemption of units</b>	(15,057,457)	(15,057,457)
Total comprehensive income for the period	-	624,639
Distribution during the period	-	(613,799)
Refund of capital	-	-
	-	10,840
<b>Net assets at end of the period</b>	9,946,277	9,957,117
<b>Undistributed income brought forward</b>		
Realised income	-	-
Unrealised gain / (loss)	-	-
<b>Accounting income available for distribution</b>		
Relating to capital gains	624,639	624,639
Excluding capital gains	624,639	(613,799)
Distribution during the year	10,840	10,840
<b>Undistributed income carried forward</b>		
Realised income	10,840	10,840
Unrealised income	-	-
	10,840	10,840
<b>Net assets value per unit at beginning of the period</b>		-
<b>Net assets value per unit at end of the period</b>		100.1090

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

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Financial Sector Income Fund

## Statement Of Cash Flows

For the year ended June 30, 2024

		For the period from February 20, 2024 to June 30, 2024		
	2024			2023
	Plan I	Plan II	Total	Plan I
Note	----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the year before taxation	7,963,724	624,639	8,588,363	4,657,646
Adjustments for:			-	
Capital (gain) / loss on sale of investment - net	(31,138)	-	(31,138)	13,831
Income on Government securities	(1,384,569)	-	(1,384,569)	(397,965)
Income from corporate sukuk bonds	(340,369)	-	(340,369)	(215,976)
Income from money market transactions and placements	(1,125,262)	-	(1,125,262)	(207,104)
Mark-up from margin trading system	(499,207)	-	(499,207)	(92,459)
Profit on bank deposits	(5,180,299)	(647,429)	(5,827,728)	(4,073,719)
Unrealised diminution / (appreciation) on re-measurement of investments - as financial assets at 'fair value through profit or loss' - net	705	-	705	(47,209)
	(596,415)	(22,790)	(619,205)	(362,955)
<b>(Increase) in assets</b>				
Investments	(11,854,874)	-	(11,854,874)	(2,953,602)
Receivable against margin trading system	(2,247,791)	-	(2,247,791)	(581,845)
Advances, deposits and prepayments	(28,752)	-	(28,752)	(791)
	(14,131,417)	-	(14,131,417)	(3,536,238)
<b>Increase/ (decrease) in liabilities</b>				
Payable to the Management Company	59,148	4,686	63,834	(1,822)
Payable to the Trustee	1,738	689	2,427	(1,235)
Payable to Securities and Exchange Commission of Pakistan	(2,492)	608	(1,884)	2,863
Payable against purchase of investments - net	(895)	-	(895)	(350,134)
Accrued expenses and other liabilities	(18,016)	7,310	(10,706)	(11,280)
	39,483	13,293	52,776	(361,608)
Cash used in operations	(14,688,349)	(9,497)	(14,697,846)	(4,260,801)
Income received from Government securities	1,069,501	-	1,069,501	376,682
Income received from corporate sukuk bonds	346,187	-	346,187	218,813
Income received from money market transactions and placements	1,125,262	-	1,125,262	207,095
Income received from margin trading system	434,566	-	434,566	84,961
Profit received on bank deposits	5,000,278	478,175	5,478,453	3,876,338
	7,975,794	478,175	8,453,969	4,763,889
Net cashflows (used in) / generated from operating activities	(6,712,555)	468,678	(6,243,877)	503,088
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	215,967,471	25,003,734	240,971,205	176,043,659
Payments against redemption of units	(193,389,872)	(15,057,457)	(208,447,329)	(194,921,879)
Dividend paid	(7,266,425)	(613,799)	(7,880,224)	(4,175,029)
Net cashflows generated from / (used in) financing activities	15,311,174	9,332,478	24,643,653	(23,053,249)
Net increase / (decrease) in cash and cash equivalents during the year	8,598,620	9,801,156	18,399,776	(22,550,161)
Cash and cash equivalents at the beginning of the year	21,368,472	-	21,368,472	43,918,633
Cash and cash equivalents at the end of the year	5 29,967,092	9,801,156	39,768,248	21,368,472

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

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

Chief Financial Officer

Chief Executive Officer

Director

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

- 1.1** HBL Financial Sector Income Fund ("the Fund") was established under a Trust Deed, dated November 16, 2021, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on December 14, 2021. The plan I commenced operations from January 18, 2022 and plan II commenced operation during the period from February 20, 2024.
- 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** Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.
- 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. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.5** The Fund is an open-ended mutual fund. The units are transferable and can also be redeemed by surrendering to the Fund.
- 1.6** The Fund has been categorised as a Compliant Income Scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited (PSX). The units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.7** The objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs / Sukuks, bank deposits and short-term money market instruments.
- 1.8** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.
- 1.9** VIS Credit Rating agency has assigned a management quality rating of 'AM1' (Stable Outlook) to the Management Company as at December 29, 2023.

## **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, and
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017, 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 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 accounting 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 material impact on the financial statements other than certain additional disclosures.

	<b>Effective from accounting 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



**Effective from accounting periods  
beginning on or after:**

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

Certain annual improvements have also been made to a number of IFRSs.

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 (2023: Significant 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 from accounting 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

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants

January 01, 2024

**Effective from accounting periods  
beginning on or after:**

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

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

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less. 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 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

#### **4.5 Proposed distributions**

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

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

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

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

#### 4.7 Element of income

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

#### 4.8 Net assets value per unit

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

#### 4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- 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.

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

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

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

#### 5 Balances with banks

Balances with banks		2024		2023	
	Plan I	Plan II	Total	Plan I	
Note	----- Rupees in '000 -----				
In saving accounts	5.1	29,967,092	9,801,156	39,768,248	21,368,472
		29,967,092	9,801,156	39,768,248	21,368,472

- 5.1 These carry mark-up at rates ranging between 18.2% to 22.95% (2023: 13.5% to 22.65%) and 19.50% to 21.00% per annum of HBL Financial Sector Income Fund Plan I and Plan II. These include balances held by related parties (Habib Bank Limited and HBL Micro inance Bank Limited) amounting to Rs. 22,289.516 million (2023: Rs. 20,049.95 million) and 0.859 million which carry markup at rates ranging between 13.5% to 19.5% (2023: 13.50% to 19.50%) and 19.50% to 20.50% per annum of HBL Financial Sector Income Fund Plan I and Plan II.

#### 6 INVESTMENTS

		2024			2023
		Plan I	Plan II	Total	Plan I
Financial assets					
At fair value through profit or loss	6.1	10,624,103	-	10,624,103	2,303,589
At amortised cost		6,295,285	-	6,295,285	2,730,492
		16,919,388	-	16,919,388	5,034,081

## 6.1 Financial assets at fair value through profit or loss

		2024			2023
	Note	Plan I	Plan II	Total	Plan I
Corporate Sukuk Bonds	6.1.1	259,030	-	259,030	500,037
Term Finance Certificates (TFCs)	6.1.2	1,031,283	-	1,031,283	900,469
GoP Ijara Sukuk Certificates	6.1.3	-	-	-	-
Pakistan Investments Bonds (PIBs)	6.1.4	6,562,538	-	6,562,538	357,713
Market Treasury Bills	6.1.5	2,415,189	-	2,415,189	95,969
Investments in Mutual Fund (Plan I)	6.1.6	356,063	-	356,063	449,401
		10,624,103	-	10,624,102	2,303,589

#### 6.1.1 Corporate sukuk bond-Listed (Plan I)

Name of the investee company	As at July 01, 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 appreciation / (diminution)	Market value as a percentage of	
								Total investments	Net assets
								%	
Corporate sukuk bond - listed									
K-Electric Limited	5,000	-	2,430	2,570	257,019	259,030	2,010	1.53%	0.51%
Total - as at June 30, 2024	5,000	-	2,430	2,570	257,019	259,030	2,010	1.53%	0.51%
Total - as at June 30, 2023	450	5,250	700	5,000	500,000	500,037	37	9.93%	1.82%

**6.1.1.1** These carry profit ranging between 22.61% to 24.84% (June 30, 2023: 11.65% to 23.83%) per annum.

### 6.1.2 Term finance certificates (Plan I)

Name of the investee company	As at July 01, 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 appreciation / (diminution)	Market value as a percentage of	
								Total investments	Net assets
			(No. of units)			(Rupees in '000)			%
Askari Bank Limited	-	120	-	120	114,600	119,400	4,800	0.71%	0.24%
Bank Al-Habib Limited	100,000	-	-	100,000	508,483	515,601	7,118	3.05%	1.02%
Soneri Bank Limited	4,000	-	-	4,000	391,625	396,282	4,657	2.34%	0.78%
Total - as at June 30, 2024	104,000	120	-	104,120	1,014,708	1,031,283	16,575	6.10%	2.03%
Total - as at June 30, 2023	-	105,000	1,000	104,000	899,820	900,469	649	17.89%	3.28%

**6.1.2.1** These carry profit ranging between 22.52% to 23.16% (June 30, 2023: 11.65% to 23.83%) per annum.

**6.1.2.1** Significant terms and conditions of corporate sukuk bonds and term finance certificates as at June 30, 2024 is as follows:

	Payment term	Remaining principal (per sukuk)	Profit rate	Issue date	Maturity date
<b>Corporate sukuk bond - listed</b>					
K-Electric Limited	(Quarterly)	100,000	3M K + 1.7%	November 23, 2022	November 23, 2029
<b>TFCs - Commercial Banks - unlisted</b>					
Askari Bank Limited	(Quarterly)	1,000,000	3M K + 1.2%	March 17, 2020	March 17, 2030
Bank Al-Habib Limited	(Semi annually)	4,997	6M K + 1.35%	December 23, 2022	December 23, 2032
Soneri Bank Limited	(Semi annually)	99,940	6M K + 1.70%	December 26, 2022	December 26, 2032

### 6.1.3 GoP Ijara Sukuk Certificates (Plan I)

Particulars	Issue Date	Face Value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Un-realised appreciation / (diminution)	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 01, 2023	Purchases during the period	Sales during the period	As at June 30, 2024					
					(Rupees in '000)					%
GOP Ijarah Sukuk - 26	17-Apr-23	-	4,435,000	4,435,000	-	-	-	-	0.0%	0.0%
GOP Ijarah Sukuk - 26	22-May-23	-	245,000	245,000	-	-	-	-	0.0%	0.0%
GOP Ijarah Sukuk - 26	07-Aug-23	-	60,000	60,000	-	-	-	-	0.0%	0.0%
GOP Ijarah Sukuk - 26	04-Dec-23	-	75,000	75,000	-	-	-	-	0.0%	0.0%
GOP Ijarah Sukuk - 26	04-Dec-23	-	100,000	100,000	-	-	-	-	0.0%	0.0%
Total - as at June 30, 2024		-	4,915,000	4,915,000	-	-	-	-	0.0%	0.0%
Total - as at June 30, 2023		-	29,740,500	29,740,500	-	-	-	-	0.0%	0.0%

# HBL Financial Sector Income Fund

## Notes to the financial statements

For the year ended June 30, 2024

### 6.1.4 Pakistan Investments Bonds (PIBs) (Plan I)

Particulars	Tenor	Issue date	Face value				Carrying value as at June 30, 2024	Un-realised appreciation / (diminution)	Un-realised gain / (loss)	Market value as a percentage of:	
			As at July 01, 2023	Purchases during the period	Sales during the period	As at June 30, 2024				Total investments	Net assets
(Rupees in '000)							-%				
Pakistan Investment Bond	2Y	06-Apr-23	-	3,990,000	3,990,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bond	3Y	07-Oct-21	-	10,154,000	10,154,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bond	3Y	04-Jul-23	-	3,850,000	3,850,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bond	3Y	19-Oct-23	-	1,250,000	400,000	850,000	832,011	833,680	1,669	4.93%	1.64%
Pakistan Investment Bond	3Y	15-Feb-24	-	2,450,000	-	2,450,000	2,301,437	2,314,638	13,202	13.68%	4.56%
Pakistan Investment Bond	5Y	13-Oct-22	-	200,000	-	200,000	169,278	171,022	1,743	1.01%	0.34%
Pakistan Investment Bond	5Y	19-Oct-23	-	4,166,000	1,809,000	2,357,000	2,272,652	2,280,398	7,746	13.48%	4.50%
Pakistan Investment Bond	5Y	21-Sep-23	-	1,000,000	-	1,000,000	968,190	962,800	(5,390)	5.69%	1.90%
Pakistan Investment Bond	5Y	18-Apr-24	-	675,000	675,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bond	10Y	22-Aug-19	375,000	-	375,000	-	-	-	-	0.00%	0.00%
Total - as at June 30, 2024			375,000	27,735,000	21,253,000	6,857,000	6,543,568	6,562,538	18,970	38.79%	12.94%
Total - as at June 30, 2023			-	154,507,000	154,132,000	375,000	362,853	357,713	(5,140)	7.11%	1.30%

### 6.1.5 Market treasury bills (Plan I)

Particulars	Face value				Balance as at June 30, 2024			Market value as a percentage of:	
	As at July 01, 2023	Purchased during the period	Sale / matured during the period	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Un-realised appreciation / (diminution)	Total investments	Net assets
(Rupees in '000) ----- (%) -----									

#### Market Treasury Bills - 3 months

Market treasury bills	15-Jun-23	100,000	320,000	420,000	-	-	-	-	-
Market treasury bills	10-Aug-23	-	300,000	300,000	-	-	-	-	-
Market treasury bills	19-Oct-23	-	500,000	500,000	-	-	-	-	-
Market treasury bills	16-Nov-23	-	500,000	500,000	-	-	-	-	-
Market treasury bills	07-Mar-24	-	375,000	375,000	-	-	-	-	-
Market treasury bills	16-May-24	-	500,000	500,000	-	-	-	-	-
Market treasury bills	30-May-24	-	500,000	150,000	350,000	340,040	340,163	123	2%
		100,000	2,995,000	2,745,000	350,000	340,040	340,163	123	2%

#### Market Treasury Bills - 6 months

Market treasury bills	19-Oct-23	-	500,000	500,000	-	-	-	0%	0%
Market treasury bills	02-Nov-23	-	500,000	500,000	-	-	-	0%	0%
Market treasury bills	16-Nov-23	-	500,000	500,000	-	-	-	0%	0%
Market treasury bills	30-Nov-23	-	500,000	500,000	-	-	-	0%	0%
Market treasury bills	30-May-24	-	500,000	-	500,000	461,174	461,894	719	3%
		-	2,500,000	2,000,000	500,000	461,174	461,894	719	3%

Particulars	Face value				Balance as at June 30, 2024			Market value as a percentage of:	
	As at July 01, 2023	Purchased during the period	Sale / matured during the period	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Un-realised appreciation / (diminution)	Total investments	Net assets
(Rupees in '000) ----- (%) -----									

#### Market Treasury Bills - 12 months

Market treasury bills	19-Oct-23	-	49,772,920	49,222,920	550,000	520,653	519,107	(1,546)	3%	1.02%
Market treasury bills	02-Nov-23	-	506,000	-	506,000	475,595	473,954	(1,641)	3%	0.93%
Market treasury bills	16-Nov-23	-	2,504,000	2,500,000	4,000	3,749	3,721	(29)	0%	0.01%
Market treasury bills	30-Nov-23	-	500,000	500,000	-	-	-	-	0%	0.00%
Market treasury bills	28-Dec-23	-	2,322,000	2,322,000	-	-	-	-	0%	0.00%
Market treasury bills	11-Jan-24	-	250,000	250,000	-	-	-	-	0%	0.00%
Market treasury bills	02-May-24	-	120,000	-	120,000	102,667	103,326	659	1%	0.20%
Market treasury bills	16-May-24	-	500,000	102,250	397,750	339,101	340,815	1,714	2%	0.67%
Market treasury bills	30-May-24	-	500,000	500,000	-	-	-	-	0%	0.00%
Market treasury bills	12-Jun-24	-	200,000	-	200,000	172,220	172,210	(9)	1%	0.34%
Market treasury bills	15-Jun-24	-	3,000,000	3,000,000	-	-	-	-	0%	0.00%
		-	60,174,920	58,397,170	1,777,750	1,613,985	1,613,132	(852)	10%	3%
Total as at June 30, 2024		100,000	65,669,920	63,142,170	2,627,750	2,415,199	2,415,189	(10)	14.27%	4.76%
Total as at June 30, 2023		450,000	12,985,000	13,335,000	100,000	96,099	95,969	(130)	1.91%	0.35%

### 6.1.6 Investments in Mutual Fund (Plan I)

Sectors / Companies	As at July 01, 2023	Purchases during the Period	Disposal during the Period	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Un-realised appreciation / (diminution)	Market value as a percentage of:		Paid up value of shares held as a percentage of total paid up capital of the Investee Company
								Total investments	Net assets	
(Number of units)			(Rupees in '000)			%				
Mutual Funds										
HBL Total Treasury Exchange Traded Fund	39,249,000	24,078,750	59,833,500	3,494,250	394,314	356,063	(38,251)	2.10%	0.70%	0.07%
Total as at June 30, 2024	39,249,000	24,078,750	59,833,500	3,494,250	394,314	356,063	(38,251)	2.10%	0.70%	0.07%
Total as at June 30, 2023		52,501,000	13,252,000	39,249,000	397,608	449,401	51,793	7.90%	1.64%	0.09%

### 6.2 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net

	June 30 2024	June 30 2023
Market value of investments	10,624,103	2,303,589
Carrying value of investments	10,624,808	(2,256,380)
	(705)	47,209

**6.3 Financial assets at amortised cost**

**Letter of placement (Short term)**

Name of investee company	Issue date	As at July 01, 2023	Placement made during the period	Income accrued	Sales/maturedduring the period	As at June 30, 2024	Percentage of total of investments	Percentage of net assets
(Rupees '000')								
Pak Libya Holding Company Limited	February 01, 2022	2,730,492	129,145,408	35,285	125,615,900	6,295,285	37.21%	12.41%
Total as at June 30, 2024		2,730,492	129,145,408	35,285	125,615,900	6,295,285	37.21%	12.41%
Total as at June 30, 2023		-	2,700,000	30,492	-	2,730,492	54.24%	9.95%

**7 PROFIT / MARK-UP RECEIVABLE**

Note	Plan I	2024		Total	2023 Plan I
		Plan II			
		-----Rupees '000'-----			
Bank deposits	7.1	608,212	169,254	777,466	428,191
Margin trading sytem income		73,605	-	73,605	8,964
Corporate sukuk bonds		10,862	-	10,862	16,680
Pakistan Investment Bond		336,360	-	336,360	21,283
GoP Ijarah Sukuk		-	-	-	9
		1,029,039	169,254	1,198,293	475,127

**7.1** These include balances held with related parties Habib Bank Limited and HBL Micro Finance Bank Limited amounting to Rs. 56.82 million and 450.27 million (2023: Rs. 6.06 million and Rs. 396.18 million).

**8 ADVANCES, DEPOSITS AND PREPAYMENTS**

		Plan I	2024 Plan II	Total	2023 Plan I
Security deposits with:					
Central Depository Company of Pakistan Limited		100	-	100	100
National Clearing Company of Pakistan Limited		6,600	-	6,600	4,100
Margin trading system security deposit		250	-	250	250
		6,950	-	6,950	4,450
Preliminary cost		401	-	401	570
Advance tax	8.1	26,421	-	26,421	-
		33,772	-	33,772	5,020

**8.1** The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001.

The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). However, various withholding agents have deducted advance tax under section 151 of ITO 2001. The Management Company is confident that the same shall be refunded after filing refund application.



## 9 PAYABLE TO THE MANAGEMENT COMPANY

		2024			2023
	Note		----- Rupees in '000 -----		
		Plan I	Plan II	Total	Plan I
Remuneration payable to the Management Company	9.1	62,637	4,147	66,784	18,030
Sindh Sales Tax payable on Management Company's remuneration	9.2	8,143	539	8,682	2,344
	Note		2024		2023
		Plan I	----- Rupees in '000 -----	Total	Plan I
			Plan II		
Allocation of fees and expenses related to registrar services, accounting, operation and valuation services	9.3	-	-	-	3,021
Sales load payable		4,614	-	4,614	440
Selling and marketing expense payable	9.4	20,371	-	20,371	12,782
		95,765	4,686	100,451	36,617

- 9.1** As per the Regulation 61 of the amended NBFC Regulations, an 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 0.75% to 1.5% and 0.51% to 0.65% of the average annual net assets of HBL Financial Sector Income Fund Plan I and Plan II respectively. The fee is payable monthly in arrears.
- 9.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (2023: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.
- 9.3** As per Regulation 60(3)(s) of amended NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee has been charged at the rate ranging between 0.14% to 0.5% of the average annual net assets.
- 9.4** As per Regulation 60(3)(v) of NBFC Regulations, selling and marketing expense may be charged for all categories of funds except fund of funds. During the year, the fee has been charged at the rate ranging between 0.14% to 0.32% of the average annual net assets accordingly.

## 10 PAYABLE TO THE TRUSTEE

		2024			2023
		Plan I	Plan II	Total	Plan I
Trustee fee payable	10.1	3,156	610	3,766	1,618
Sindh Sales Tax payable on remuneration of the Trustee	10.2	410	79	489	210
		<u>3,566</u>	<u>689</u>	<u>4,255</u>	<u>1,828</u>

- 10.1** As per CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, Trustee fee shall be charged at the rate of 0.075% of the average annual net assets of the Fund. During the period, Management Company has charged the Trustee fee accordingly.
- 10.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

## 11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

		2024			2023
	Note		----- Rupees in '000 -----		
		Plan I	Plan II	Total	Plan I
Annual fee payable to SECP	11.1	3,147	608	3,755	5,639

- 11.1** As per Regulation 62 of NBFC Regulations, an Asset Management Company managing a CIS shall pay SECP an annual fee of 0.075% of the average annual nets assets. The fee is payable annually in arrears.

Effective as of July 1, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.075% and introduced a shift in payment frequency, from annual to monthly basis.

## 12 ACCRUED EXPENSES AND OTHER LIABILITIES

	2024			2023
Withholding tax payable	19,514	7,030	26,544	104,476
Auditor's remuneration	429	250	679	310
Brokerage payable	311	-	311	317
Margin trading system charges payable	1,115	-	1,115	2,291
Capital gain tax payable	62,075	-	62,075	-
Legal fee	861	-	861	505
Listing fee payable	130	-	130	-
Others	5,795	30	5,825	347
	90,230	7,310	97,540	108,246

## 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 (2023: Nil).

## 14 NUMBER OF UNITS IN ISSUE

Total units in issue at the beginning of the year	271,980,769	-	271,980,769	458,092,829
Add: Units issued during the year	2,109,827,650	250,037,339	2,359,864,989	1,746,391,640
Less: Units redeemed during the year				
Total units in issue at the end of the year	(1,884,935,126)	(150,574,569)	(2,035,509,694)	(1,932,503,700)
	496,873,293	99,462,770	596,336,063	271,980,769

## 15 AUDITORS' REMUNERATION

Annual audit fee	340	221	562	296
Fee for half yearly review	191	-	191	127
Sales Tax	69	29	98	38
Other certifications and out of pocket expenses	55	-	55	42
	655	250	905	503

## 16 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current year, as the Management Company has distributed at least 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 17 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in these financial statements as in the opinion of the Management Company the determination of the cumulative weighted average number of outstanding units is not practicable.

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	As at June 30, 2024					
	Plan I			Plan II		
	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	-	29,967,092	29,967,092	-	9,801,156	9,801,156
Investments						
Corporate Sukuk Bonds	259,030	-	259,030	-	-	-
Term Finance Certificates (TFCs)	1,031,283	-	1,031,283	-	-	-
Pakistan Investments Bonds (PIBs)	6,562,538	-	6,562,538	-	-	-
Market Treasury Bills	2,415,189	-	2,415,189	-	-	-
Investments in Listed Equity Securities	356,063	-	356,063	-	-	-
Letter of placement	-	6,295,285	6,295,285	-	-	-
Receivable against margin trading system	-	2,952,796	2,952,796	-	-	-
Profit / mark-up receivable	-	1,029,039	1,029,039	-	169,254	169,254
Advances, deposits and prepayments	-	7,351	7,351	-	-	-
	10,624,102	40,251,563	50,875,665	-	9,970,410	9,970,410
<b>Financial liabilities</b>						
Payable to the Management Company	-	87,622	87,622	-	4,147	4,147
Payable to the Trustee	-	3,156	3,156	-	610	610
Accrued expenses and other liabilities	-	8,641	8,641	-	280	280
	-	99,419	99,419	-	5,037	5,037
Rupees in '000						
Particulars	As at June 30, 2023					
	Plan I			Plan II		
	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	-	21,368,472	21,368,472	-	-	-
Investments						
Corporate Sukuk Bonds	500,037	-	500,037	-	-	-
Term Finance Certificates (TFCs)	900,469	-	900,469	-	-	-
Pakistan Investments Bonds (PIBs)	357,713	-	357,713	-	-	-
Market Treasury Bills	95,969	-	95,969	-	-	-
Investments in Listed Equity Securities	449,401	-	449,401	-	-	-
Letter of placement	-	2,730,492	2,730,492	-	-	-
Receivable against margin trading system	-	705,005	705,005	-	-	-
Profit / mark-up receivable	-	475,127	475,127	-	-	-
Advances, deposits and prepayments	-	4,450	4,450	-	-	-
	2,303,589	25,283,546	27,587,135	-	-	-
<b>Financial liabilities</b>						
Payable to the Management Company	-	34,273	34,273	-	-	-
Payable to the Trustee	-	1,618	1,618	-	-	-
Payable against purchase of investments - net	-	895	895	-	-	-
Accrued expenses and other liabilities	-	3,770	3,770	-	-	-
	-	40,557	40,557	-	-	-

19      **TRANSACTIONS AND BALANCES WITH RELATED PARTIES/CONNECTED PERSONS**

Related parties/connected persons include HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

Transactions and balances with parties who were connected persons due to holding 10% or more units in the comparative year and not in the current year are not disclosed in the comparative year.

Details of the transactions with connected persons and balances with them are as follows:

### 19.1 Transactions during the year

	2024 Plan I	2024 Plan II	Total	2023 Plan I
			----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Management Company</b>				
Remuneration of the Management Company	417,504	15,649	433,153	174,091
Sindh Sales Tax on remuneration of the Management Company	54,276	2,034	56,310	22,633
Sales load				-
Allocation of expenses related to registrar services, accounting, operation and valuation services	84,104	-	84,104	63,050
Selling and marketing expense				63,050
<b>HBL Asset Management Limited - Management Company</b>				
Issue of 5,039,251 units (2023: 3,918,245 units)	515,000	-	515,000	395,000
Redemption of 886,965 units (2023: 4,954,148 units)	90,000	-	90,000	500,000
Dividend paid 456,743 units	46,071	-	46,071	18,318
Refund of capital 66,370 units	6,695	-	6,695	-
<b>Habib Bank Limited - Sponsors</b>				
Bank Charges	768	-	768	722
Profit on bank deposit earned	179,284	848	180,132	34,080
<b>HBL Micro Finance Bank</b>				
Profit on bank deposit earned	4,219,810	-	4,219,810	2,663,319
<b>Directors and Executives of the Management Company</b>				
Issue of 4,322,619 units (2023: 1,151,956 units)	442,872	-	442,872	116,624
Redemption of 4,186,052 units (2023: 1,208,964 units)	429,322	-	429,322	122,541
Dividend paid 90,887 units	9,168	-	9,168	559
Refund of capital 60,387 units	6,091	-	6,091	-
<b>HBL Asset Management Limited - Employees Gratuity Fund</b>				
Issue of nil units (2023: 51,441 units)	-	-	-	5,200
Redemption of nil units (2023: 990 units units)	-	-	-	100
Dividend paid 12,155 units	1,226		1,226	519
	<b>Plan I</b>	<b>2024 Plan II</b>	<b>Total</b>	<b>2023 Plan I</b>
			----- Rupees in '000 -----	
<b>HBL Asset Management Limited - Employees Provident Fund</b>				
Issue of nil units (2023: 163,227 units)	-	-	-	16,500
Dividend paid 39,317 units	3,966	-	3,966	1,678
Refund of capital nil units	-	-	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee remuneration	29,174	2,283	31,457	21,146
Sindh Sales Tax payable on the Trustee fee	3,793	297	4,089	2,749
Central Depository Service charges	2,753	-	2,753	2,129

# HBL Financial Sector Income Fund

## Notes to the financial statements

For the year ended June 30, 2024

	2024			2023
	Plan I	Plan II	Total	Plan I
	----- Rupees in '000 -----			
<b>Ibrahim Holdings (Private) Limited</b>				
<b>Connected person due to holding more than 10%</b>				
Issue of 7,301,251 units (2023: 50,350,049 units)	746,012	-	746,012	5,061,002
Redemption of 19,792,299 units (2023: 2,061,398 units)	2,000,000	-	2,000,000	210,000
Dividend paid 16,146,210 units	1,628,655	-	1,628,655	1,194,995
Refund of capital 94,582 units	9,540	-	9,540	-
<b>Habib Bank Limited - Sponsors</b>				
Sale of Pakistan Investment bond 3 Years	498,226	-	498,226	-
Purchase of Pakistan Investment bond 3 Years	498,521	-	498,521	-
Sale of Pakistan Investment bond 5 Years	664,662	-	664,662	-
Sale of Market Treasury bills 3 Months	1,097,507	-	1,097,507	-
Sale of Market Treasury bills 12 Months	1,340,625	-	1,340,625	-
Sale of Market Treasury bills 6 Months	454,848	-	454,848	-
Purchase of Market Treasury bills 3 Months	1,597,130	-	1,597,130	-
Purchase of Market Treasury bills 12 Months	170,489	-	170,489	-
<b>HBL Micro Finance Bank</b>				
Sale of market treasury bill 3 months	514,829	-	514,829	-
<b>HBL IPF Debt sub Fund</b>				
Purchase of GOP Ijara bond	106,995	-	106,995	-
<b>HBL Government Securities</b>				
Purchase of GOP investment bond	129,173	-	129,173	-
	Plan I	2024 Plan II	Total	2023 Plan I
	----- Rupees in '000 -----			
<b>HBL Income Fund</b>				
Purchase of GOP investment bond	232,136	-	232,136	-
<b>HBL IPF Money market sub Fund</b>				
Purchase of GOP Ijara bond	216,555	-	216,555	-
<b>HBL Islamic Asset Allocation Fund</b>				
Sale of GOP Ijara bond	5,467	-	5,467	-
<b>HBL Islamic Income Fund</b>				
Purchase of GOP Ijara bond	492,737	-	492,737	-
<b>HBL Multi Asset Fund</b>				
Purchase of market treasury bill	8,585	-	8,585	-
<b>HBL PF Debt sub Fund</b>				
Purchase of market treasury bill 12 months	42,001	-	42,001	-
Purchase of GOP investment bond	67,887	-	67,887	-
<b>HBL Money Market Fund</b>				
Sell of market treasury bill 3 months	349,374	-	349,374	-
<b>Rafiuddin Zakir</b>				
<b>Connected person due to holding more than 10%</b>				
Issue of nil units	-	-	-	-
Redemption of 472,407 units	48,389	-	48,389	-
Dividend paid 8,199 units	827	-	827	-
Refund of capital nil units	-	-	-	-
<b>MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan</b>				
Issue of 202,867 units	20,780	-	20,780	-
Redemption of 202,867 units	20,836	-	20,836	-
<b>MCBFSL Trustee HBL Financial Planning Fund Conservative Allocation Plan</b>				
Issue of 11,259 units	1,150	-	1,150	-
Redemption of 11,259 units	1,156	-	1,156	-
<b>Pakistan Oilfields Limited</b>				
<b>Connected person due to holding more than 10%</b>				
Issue of 238,682,070 units	-	23,868,207	23,868,207	-
Redemption of 144,436,585 units	-	14,443,659	14,443,659	-
Dividend paid 6,137,983 units	-	613,798	613,798	-
Refund of capital units	-	-	-	-

		2024		2023	
		Plan I	Plan II	Total	Plan I
		----- Rupees in '000 -----			
19.2	<b>Balances outstanding as at the year end</b>				
	<b>HBL Asset Management Limited</b>				
	Remuneration payable to the Management Company	62,637	4,147	66,784	18,030
	Sindh Sales Tax payable on remuneration of the Management Company	8,143	539	8,682	2,344
	Allocation of expenses related to registrar services, accounting, operation and valuation services	-	-	-	3,021
	Sales load payable	4,614	-	4,614	440
	Selling and marketing expense payable	20,371	-	20,371	12,782
	<b>Central Depository Company of Pakistan Limited - Trustee</b>				
	Trustee fee payable	3,156	610	3,766	1,618
	Sindh Sales Tax payable on remuneration of the trustee	410	79	489	210
	Security deposit	100	-	100	100
	<b>Habib Bank Limited - Sponsor</b>				
	Bank balances	4,390,872	859	4,391,730	149,464
	Profit Receivable	56,819	-	56,819	-
	<b>HBL Micro Finance Bank</b>				
	Bank Balances	17,898,644	-	17,898,644	19,900,492
	Profit Receivable	450,273	-	450,273	-
	<b>HBL Asset Management Limited</b>				
	Units held: 5,181,161 (June 30, 2023: 572,132) units	528,774	-	528,774	57,710
	<b>HBL Asset Management Limited Employees Provident Fund Associate</b>				
	Units held: 221,017 (June 30, 2023: 181,700) units	22,556	-	22,556	18,328
	<b>HBL Asset Management Limited Employees Gratuity Fund Associate</b>				
	Units held: 68,329 (June 30, 2023: 56,174) units	6,973	-	6,973	-
	<b>Ibrahim Fibres Limited</b>				5,666
	<b>Connected person due to holding more than 10%</b>				
	Units held: 104,591,122 (June 30, 2023: 100,935,961)	10,674,256	-	10,674,256	10,181,330
	<b>Directors and executives of the Management Company</b>				
	<b>Connected person due to holding more than 10%</b>				
	Units held: 385,374 (June 30, 2023: 93,037) units	39,330	-	39,330	9,388
		2024		2023	
		Plan I	Plan II	Total	Plan I
		----- Rupees in '000 -----			
	<b>Rafiuddin Zakir</b>				
	<b>Connected person due to holding more than 10%</b>				
	Units held: Nil (June 30, 2023: 464,208 units)	-	-	-	46,824
	<b>Pakistan Oilfields Limited</b>				
	<b>Connected person due to holding more than 10%</b>				
	Units Held 99,462,770 units (June 2023: Nil units)	-	9,946,277	9,946,277	-

## 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 prime quality Financial Sector Sukuks, Bank deposits, Listed equity securities, Market Treasury Bills, Letter of Placements and in other money market instruments. These activities are exposed to a variety of financial risks; namely, market risks, credit risks and liquidity risks.

## **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 Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and other price risk.

### **20.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its full transactions are carried out in Pakistani Rupees.

### **20.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### **a) Cash flow interest rate risks**

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 18.2% to 22.95% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2024, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 299.671 million (2023: Rs. 227.69 million) for Plan I and 98.012 million (2023 : Nil) for Plan II.

#### **b) Fair value interest rate risks**

The Fund's investment in Pakistan Investment Bond, Market Treasury Bills and Corporate Sukuk, and Listed Equity Securities 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. 106.241 million (2023: 31.84 million) for Plan I.

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.

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	Plan I									
	As at June 30, 2024					As at June 30, 2023				
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective yield / interest rate	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
<b>On-balance sheet financial instruments</b>										
<b>Financial assets</b>										
Bank balances	18.2%-22.95%	29,967,092	-	-	-	29,967,092	6-22.5	21,368,472	-	-
Investments						-				
Corporate Sukuk Bonds	22.61%-24.84%	259,030	-	-	-	259,030	11.65-23.83	500,037	-	-
Term Finance Certificates (TFCs)	22.52%-23.16%	1,031,283	-	-	-	1,031,283	11.65-23.83	900,469	-	-
Pakistan Investments Bonds (PIBs)		-	-	-	6,562,538	6,562,538	13.19-21.06	-	-	-
Market Treasury Bills		-	-	-	2,415,189	2,415,189		-	-	-
Investments in Listed Equity Securities		-	-	-	356,063	356,063		-	-	-
Letter Of Placement	21.03%	-	-	-	6,295,285	6,295,285	22.9	-	-	-
Receivable against margin trading system		-	-	-	2,952,796	2,952,796		-	-	-
Profit / mark-up receivable		-	-	-	1,029,039	1,029,039		-	-	-
Advances, deposits and prepayments		-	-	-	7,351	7,351		-	-	-
<b>Sub total</b>		31,257,405	-	-	19,618,260	50,875,665		22,768,978	-	-
<b>Financial liabilities</b>										
Payable to the Management Company		-	-	-	87,622	87,622		-	-	-
Payable to the Trustee		-	-	-	3,156	3,156		-	-	-
Payable against purchase of investments - net		-	-	-	-	-		-	-	-
Accrued expenses and other liabilities		-	-	-	8,641	8,641		-	-	-
<b>Sub total</b>		-	-	-	99,419	99,419		-	-	-
<b>On-balance sheet gap (a)</b>		31,257,405	-	-	111,216	111,216		22,768,978	-	-
<b>Off-balance sheet financial instruments</b>										
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-		-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		31,257,405	-	-	-	-		22,768,978	-	-
<b>Cumulative interest rate sensitivity gap</b>		31,257,405	-	-	-	-		22,768,978	-	-

Particulars	Plan II				
	As at June 30, 2024				
	Effective yield / interest rate	Exposed to yield / interest rate risk			Total
		Upto three months	More than three months and upto one year	More than one year	
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	18.2%-22.95%	-	-	-	9,801,156
Profit / mark-up receivable		-	-	-	169,254
<b>Sub total</b>		-	-	-	9,970,410
<b>Financial liabilities</b>					
Payable to the Management Company		-	-	-	4,147
Payable to the Trustee		-	-	-	610
Accrued expenses and other liabilities		-	-	-	280
<b>Sub total</b>		-	-	-	5,037
<b>On-balance sheet gap (a)</b>		-	-	-	9,965,373
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		-	-	-	-

### 20.1.3 Price risk

Price risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund's overall exposure to price risk is limited to investment in listed equities.

The net assets of the Fund will increase / decrease by approximately Rs 3.56 million (2023:Rs. 4.49 million) for Plan I if the prices of equity vary due to increase / decrease in the PSX 100 index. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the PSX 100 index and that the PSX 100 index increases / decreases by 1% on PSX 100 index with all other factors held constant.

### 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 bonds, letter of placement and bank deposit. Risks attributable to investments in Market Treasury Bills and 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.



**20.2.1** The analysis below summarises the credit quality of the Fund's bank balances and Investments as at June 30, 2024 and June 30, 2023:

Name of bank / institutions	Pan I	Pan II	Latest available published rating as at June 30, 2024	Rating agency
-----------------------------	-------	--------	---	---------------

---(Rupees in '000)---

**Balances with banks by rating category**

HBL Micro Finance Bank Limited	17,898,644	-	A+	PACRA
Soneri Bank Limited	7,534,373	-	AA-	PACRA
Habib Bank Limited	4,390,872	-	A-1+	VIS
U Micro Bank Ltd	1,216	-	A+	PACRA
Mobilink Micro Bank Ltd	5	-	A-1+	PACRA
Bank Alfalah Limited	141,896	-	A-1+	PACRA
Khushhali Micro Finance Bank Limited	36	-	A-2	VIS
Finca Micro Finance Bank	1	-	A-2	VIS
Allied Bank Limited	21	-	A-1+	PACRA
Meezan Bank Limited	10	-	A-1+	VIS
National Bank of Pakitsan	10	-	A-1+	PACRA
Dubai Islamic Bank	10	-	A-1+	VIS
Habib Bank Limited	-	859	A-1+	VIS
Habib Metropolitan Bank Limited	-	9,777,342	A-1+	PACRA
Faysal Bank Limited	-	22,955	A-1+	PACRA
	29,967,094	9,801,156		

**Investments by rating category**

Name of investee company	Balances held by the Fund as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
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---(Rupees in '000')---

**Corporate sukuk / TFC bonds - Unlisted**

K-Electric Limited	259,030	AA	PACRA
Askari Bank Limited	119,400	AA	PACRA
Bank Al-Habib Limited	515,601	AAA	PACRA
Soneri Bank Limited	396,282	A+	PACRA
<b>Total Investments</b>	<b>1,290,313</b>		

**Balances with banks by rating category**

Name of bank / institutions	Pan I	Pan II	Latest available published rating as at June 30, 2023	Rating agency
HBL Micro Finance Bank Limited	19,900,492		A-1	VIS
Soneri Bank Limited	1,294,096		A-1+	PACRA
Habib Bank Limited	149,464		A-1+	VIS
U Micro Finance Bank Limited	761		A-1	VIS
Mobilink Micro Bank Limited	15,686		A-1	PACRA
Bank Alfalah Limited	7,885		A-1+	PACRA
Khushhali Bank Limited	36		A-2	VIS
Meezan Bank Limited	30		A-1+	VIS
Finca Micro Finance Bank Limited	11		A-2	VIS
Allied Bank Limited	11		A-1+	PACRA
	21,368,472			

Investments by rating category

Name of investee company	Balances held by the Fund as at June 30, 2023	Latest available published rating as at June 30, 2024	Rating agency
---(Rupees in '000')---			
Corporate sukuk / TFC bonds - Unlisted			
K-Electric Limited	500,037	AA	PACRA
Bank Al Habib Limited	508,687	AAA	PACRA
Soneri Bank Limited	391,782	A+	PACRA
<b>Total Investments</b>	<b>1,400,506</b>		PACRA

**20.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2024 ----- (Percentage) -----	2023 ----- (Percentage) -----
A-1+	36%	6.79%
A-1	-	93.21%
A+	45%	-
AA-	19%	-
	<b>100%</b>	<b>100%</b>

**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. There is no concentration of credit risk at reporting date.

**20.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions, if any, at the option of unitholders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year, no borrowing was made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year (2023: None).

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	----- As at June 30, 2024 -----							
	Plan I				Plan II			
	Upto three months	More than three months and upto one year	More than one year	Total	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----								
<b>Financial liabilities</b>								
Payable to the Management Company	87,622	-	-	87,622	4,147	-	-	4,147
Payable to the Trustee	3,156	-	-	3,156	610	-	-	610
Accrued expenses and other liabilities	8,641	-	-	8,641	280	-	-	280
	99,419	-	-	99,419	5,037	-	-	5,037

Particulars	----- As at June 30, 2023 -----			
	Plan I			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
<b>Financial liabilities</b>				
Payable to the Management Company	34,273	-	-	34,273
Payable to the Trustee	1,618	-	-	1,618
Payable against purchase of investments - net	895	-	-	895
Accrued expenses and other liabilities	3,770	-	-	3,770
	40,557	-	-	40,557

## 21 UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

"A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. "

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy :

Particulars	June 30, 2024						
	Plan I						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total

Note (Rupees in '000)

**Financial assets measured at fair value**

Corporate Sukuk Bonds	259,030	-	259,030	-	259,030	-	259,030
Term Finance Certificates (TFCs)	1,031,283	-	1,031,283	-	1,031,283	-	1,031,283
Pakistan Investments Bonds (PIBs)	6,562,538	-	6,562,538	-	6,562,538	-	6,562,538
Market Treasury Bills	2,415,189	-	2,415,189	-	2,415,189	-	2,415,189
Investments in Listed Equity Securities	356,063	-	356,063	356,063	-	-	356,063
	10,624,104	-	10,624,104	356,063	10,268,039	-	10,624,104

Particulars	June 30, 2024						
	Plan I						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total

Note (Rupees in '000)

**Financial assets not measured at fair value**

Letter of placements	-	6,295,285	6,295,285
Bank balances	-	29,967,092	29,967,092
Receivable against margin trading system	-	2,952,796	2,952,796
Profit / mark-up receivable	-	1,029,039	1,029,039
Advances, deposits and prepayments	-	7,351	7,351
	-	40,251,563	40,251,563

**Financial liabilities not measured at fair value**

Payable to the Management Company	-	87,622	87,622
Payable to the Trustee	-	3,156	3,156
Accrued expenses and other liabilities	-	8,641	8,641
	-	99,419	99,419

Particulars	June 30, 2024						
	Plan II						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total

Note (Rupees in '000)

**Financial assets not measured at fair value**

Bank balances	-	9,801,156	9,801,156
Profit / mark-up receivable	-	169,254	169,254
	-	9,970,410	9,970,410

**Financial liabilities not measured at fair value**

Payable to the Management Company	-	4,147	4,147
Payable to the Trustee	-	610	610
Accrued expenses and other liabilities	-	280	280
	-	5,037	5,037

Particulars	June 30, 2023						
	Plan I						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)						
<b>Financial assets not measured at fair value</b>							
Corporate Sukuk Bonds	500,037	-	500,037	-	500,037	-	500,037
Term Finance Certificates (TFCs)	900,469	-	900,469	-	900,469	-	900,469
Pakistan Investments Bonds (PIBs)	357,713	-	357,713	357,713	-	-	357,713
Market Treasury Bills	95,969	-	95,969	-	95,969	-	95,969
Investments in Listed Equity Securities	449,401	-	449,401	449,401	-	-	449,401
	<b>2,303,589</b>	<b>-</b>	<b>2,303,589</b>	<b>-</b>	<b>2,303,589</b>	<b>-</b>	<b>2,303,589</b>
<b>Financial assets not measured at fair value</b>							
Letter of placements	-	2,730,492	2,730,492				
Bank balances	-	21,368,472	21,368,472				
Receivable against margin trading system	-	705,005	705,005				
Profit / mark-up receivable	-	475,127	475,127				
Advances, deposits and prepayments	-	4,450	4,450				
	<b>-</b>	<b>25,283,546</b>	<b>25,283,546</b>				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	34,273	34,273				
Payable to the Trustee	-	1,618	1,618				
Payable against purchase of investments - net	-	895	895				
Accrued expenses and other liabilities	-	3,770	3,770				
	<b>-</b>	<b>40,556</b>	<b>40,556</b>				

**22.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## **22.2 Transfers during the year**

No transfer were made between various levels of fair value hierarchy during the year.

## **23 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

Brokers during the year ended June 30, 2024

- 1 Al Falah CLSA Securities (Pvt) Ltd
- 2 Next Capital Limited
- 3 BMA Capital Management Ltd
- 4 Optimus Markets (Pvt) Ltd
- 5 C & M Management (Pvt.) Ltd
- 6 Paramount Capital (Pvt.) Ltd
- 7 Arif Habib Limited
- 8 Bright Capital (Pvt) Ltd
- 9 K-Trade Limited
- 10 Invest One Markets Ltd

Brokers during the year ended June 30, 2023

- 1 JS Global Capital Limited
- 2 Invest One Markets Limited
- 3 Summit Capital (Private) Limited
- 4 Magenta Capital (Private) Limited
- 5 Al Falah CLSA Securities (Private) Limited
- 6 Continental Exchange (Private) Limited
- 7 C & M Management (Private) Limited

## **24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER**

Details of members of the Investment Committee of the Fund as on June 30, 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

## 25 PATTERN OF UNITHOLDING

Category	Plan I			
	As at June 30, 2024			
	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Associated Companies	3	5,470,508	558,303.63	1.10%
Trust	11	5,038,240	514,188	1.02%
Retirement Funds	48	6,606,579	674,248	1.33%
Other Corporate	93	223,287,050	22,788,006	45.10%
Individuals	2416	254,722,125	25,996,210	51.45%
		495,124,502	50,530,955	100.00%

Category	Plan II			
	As at June 30, 2024			
	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Other Corporate	1	99,462,771	9,957,119	100.00%
		99,462,771	9,957,119	100.00%

Category	Plan I			
	As at June 30, 2023			
	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
Individuals	1418	125,474,343	12,656,494	46.13%
Foreign investor	9	2,671,775	269,500	0.98%
Retirement funds	45	4,660,395	470,090	1.71%
Trusts	6	3,410,088	343,973	1.25%
Associated Companies	3	810,006	81,705	0.30%
Other Corporate	52	134,954,163	13,612,718	49.62%
		271,980,769	27,434,480	100.00%

**26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Six meetings of the Board of Directors were held on August 25, 2023, October 20, 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:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave	
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**

In accordance with the Directive 23 of 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2024 is 1.86% (2023: 1.29%) and 0.75% which includes 0.23% (2023: 0.11%) and 0.15% representing Government Levy and SECP fee of HBL Financial Sector Income Fund Plan I and Plan II respectively.

**28 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on September 26, 2024 by the Board of Directors of the Management Company.

**29 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

**30 GENERAL**

**30.1** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**30.2** The HBL Financial Sector Income Fund Plan II has been launched in current year. Therefore, comparatives have not been presented.

**For HBL Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



**HBL** Total Treasury  
Exchange Traded  
Fund



## FUND INFORMATION

**NAME OF FUND** HBL Total Treasury Exchange Traded Fund

**NAME OF AUDITOR** Yousuf Adil, Chartered Accountants

**NAME OF TRUSTEE** Central Depository Company of Pakistan Limited.

**NAME OF BANKERS** Soneri Bank limited

# FUND MANAGER'S REPORT – HBL TOTAL TREASURY EXCHANGE TRADED FUND As at June 30, 2024

## Type and Category of Fund

Open end Exchange Traded Fund

## Investment Objective and Accomplishment of Objective

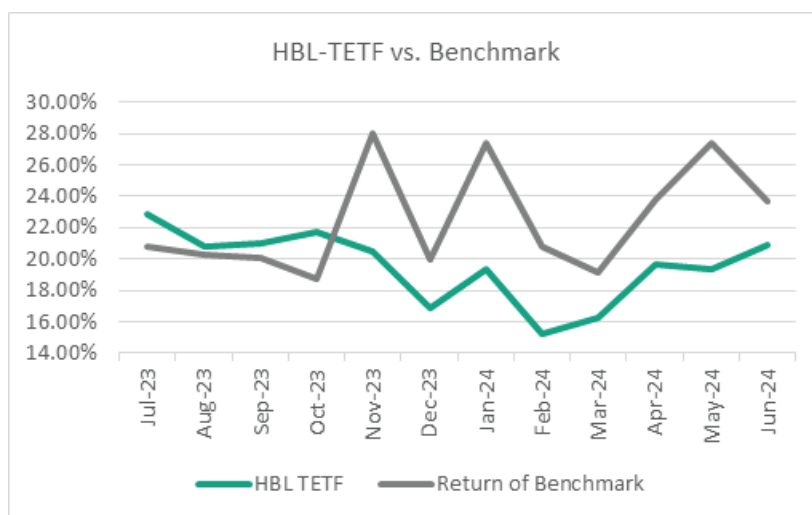
HBL Total Treasury Exchange Traded Fund (HBL TT ETF) is an open-ended scheme that is traded on Pakistan Stock Exchange and shall aim to track the performance of its specified Benchmark Index.

## Benchmark and Performance Comparison with Benchmark

The Benchmark of the Fund is HBL Total Treasury Index

The comparison of the fund return with benchmark is given below:

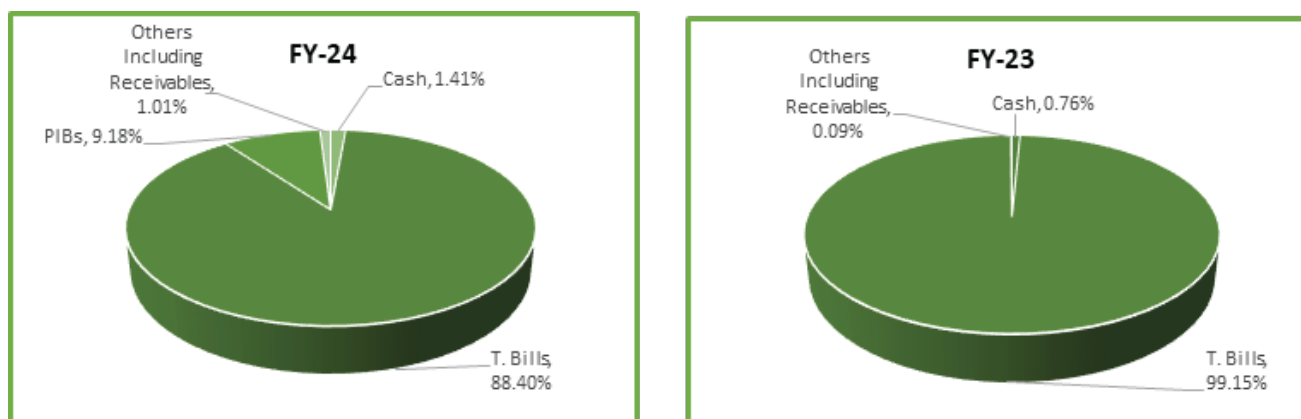
Month	HBL-TETF	Benchmark
Jun-24	20.89%	23.66%
May-24	19.38%	27.42%
Apr-24	19.63%	23.83%
Mar-24	16.26%	19.10%
Feb-24	15.21%	20.82%
Jan-24	19.30%	27.41%
Dec-23	16.88%	19.93%
Nov-23	20.46%	27.99%
Oct-23	21.71%	18.75%
Sep-23	20.98%	20.06%
Aug-23	20.83%	20.23%
Jul-23	22.87%	20.84%



## Strategies and Policies employed during the Year

As at June end, the fund tracked the index and nearly 97.58% of the net assets were deployed in T-bills and PIBs while the cash exposure was recorded at 2.42%. The Fund's exposures moves in tandem with the index.

## Asset Allocation



## Fund Performance

The total income and net income of the Fund was Rs. 114.81 million and Rs. 107.44 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) per unit of the Fund was Rs. 101.7531 per unit as on June 30, 2024, after incorporating dividend of Rs. 20.00 per unit, thereby giving an annualized return of 21.40%. During the same period, the benchmark return was 24.97%. The size of Fund was Rs. 509 million as on June 30, 2024 as compared to Rs. 501 million as at start of the year.

## 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.

## Distribution

The Fund has distributed cash dividend of Rs. 20.00 per unit for the year ended June 30, 2024.

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

## Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	30	1,741
101 – 500	24	8,009
501 – 1,000	09	8,100
1,001 – 10,000	14	43,800
10,001 – 100,000	5	232,700
100,001 – 500,000	4	726,400
500,001 – 1,000,000	1	535,000
1,000,001 – 5,000,000	1	3,444,250
5,000,001 and above	-	-
<b>Total</b>	<b>48</b>	<b>5,000,000</b>

## Unit Splits

There were no unit splits during the year.

## Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

## Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –**  
**HBL TOTAL TREASURY EXCHANGE TRADED FUND**  
*As at June 30, 2024*

	2024	2023
Net assets at the period end(Rs'000)	508,766	501,324
Net asset value per unit at the period end/period end(Rs) *	101.7531	10.0265
Selling price/repurchasing price *	101.7531	10.0265
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>		
Highest selling price per unit(Rs) *	121.3103	11.4055
Lowest selling price per unit(Rs) *	10.4265	10.0000
Highest repurchase price per unit(Rs) *	121.3103	11.4055
Lowest repurchasing price per unit(Rs) *	10.4265	10.0000
<b>RETURN ( % )</b>		
Total return	21.40%	17.83%
Income distribution	19.95%	17.50%
Capital growth	1.45%	0.33%
<b>DISTRIBUTION</b>		
Final dividend distribution *	20.00	1.40
Total dividend distribution for the year/ period *	20.00	1.40
<b>AVERAGE RETURNS ( % )</b>		
Average annual return 1 year	21.40%	17.83%
Average annual return 2 year	19.62%	N/A
Average annual return 3 year	N/A	N/A
Weighted average portfolio during (No. of days)	204	13
<b>PORTFOLIO COMPOSITION (%)</b>		
Percentage of Total Assets as at 30 June:		
Bank Balances	1.41%	0.76%
T. Bills	88.40%	99.15%
PIBs	9.18%	0.00%
Others including Receivables	1.01%	0.09%

**Disclaimer:**

\* Management company affected the consolidation of units in the ratio of 10 units for every 100 units during the period disclosed in Note 15.1 of financial statement.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcPakistan.com](http://www.cdcPakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL TOTAL TREASURY EXCHANGE TRADED FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Total Treasury Exchange Traded Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) 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; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 27, 2024



## INDEPENDENT AUDITOR'S REPORT

### To the unit holders of HBL Total Treasury Exchange Traded Fund

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **HBL Total Treasury Exchange Traded 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 movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund and HBL Asset Management Limited (Management Company) in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investments</b></p> <p>As disclosed in note 6.1 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs. 501.97 million as at June 30, 2024, consisting of market treasury bills and Pakistan Investment Bond, which represent significant item on the statement of assets and liabilities of the Fund.</p> <p>We have identified the existence and valuation as the significant areas during our audit of investment.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> <li>evaluated design and implementation of controls in place related to purchases and sales of investments;</li> <li>independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;</li> </ul>





S. No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>independently matched securities held by the Fund with the securities appearing in the Investor Portfolio Securities account statement;</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management Company and Board of Directors of the Management Company for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

  
Chartered Accountants

**Place:** Karachi  
**Date:** September 27, 2024  
**UDIN:** AR20241005740QsbKCEY

# HBL Total Treasury Exchange Traded Fund

## Statement of Assets and Liabilities

As at June 30, 2024

		June 30, 2024	June 30, 2023
	Note	Rupees in '000	
ASSETS			
Bank balances	5	8,444	2,306
Investments	6	501,974	567,830
Profit / markup receivable	7	2,723	55
Preliminary expenses and floatation costs	8	286	374
Advances and deposits	9	2,156	2,156
TOTAL ASSETS		515,582	572,721
LIABILITIES			
Payable to the Management Company	10	869	911
Payable to the Trustee	11	54	53
Payable to Securities and Exchange Commission of Pakistan	12	46	85
Dividend payable		5,338	70,000
Accrued expenses and other liabilities	13	509	348
TOTAL LIABILITIES		6,816	71,397
NET ASSETS		508,766	501,324
UNIT HOLDERS' FUND (AS PER STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)			
		508,766	501,324
CONTINGENCIES AND COMMITMENTS			
	14	Number of units	
NUMBER OF UNITS IN ISSUE	15	5,000,000	50,000,000
----- (Rupees) -----			
NET ASSETS VALUE PER UNIT		101.7531	10.0265

The annexed notes 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# HBL TOTAL TREASURY EXCHANGE TRADED FUND

## Income Statement

For the year ended June 30, 2024

		June 30, 2024	For the period from September 12, 2022 to June 30, 2023
	Note	Rupees in '000	
INCOME			
Capital loss on sale of investments - net		(552)	(595)
Income from government securities		101,804	67,555
Profit on bank deposit		14,917	9,118
Unrealised loss on re-measurement of investments at 'fair value through profit or loss' - net	6.2	(1,357)	(212)
TOTAL INCOME		114,812	75,866
EXPENSES			
Remuneration of the Management Company	10.1	2,843	2,129
Sindh Sales Tax on remuneration of the Management Company	10.2	370	277
Allocated Expense	10.3	1,113	851
Remuneration of the Trustee	11.1	557	426
Sindh Sales Tax on remuneration of the Trustee	11.2	72	55
Securities and Exchange Commission of Pakistan fee	12.1	528	85
Consolidation fee	15.1	814	-
Brokerage and transaction charges		77	34
Printing and stationery		202	59
Auditors' remuneration	16	606	495
Bank charges		100	61
Amortisation of preliminary expenses		88	71
Total Expenses		7,370	4,542
Net income for the year / period from operating activities before taxation		107,442	71,324
Taxation	18	-	-
Net income for the year / period after taxation		107,442	71,324
Accounting income available for distribution:			
Relating to capital gains		-	-
Excluding capital gains		107,442	71,324
Earnings per unit	4.10	107,442	71,324

The annexed notes 1 to 28 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

# HBL Total Treasury Exchange Traded Fund

## Statement of Comprehensive Income

For the year ended June 30, 2024

	June 30, 2024	For the period from September 12, 2022 to June 30, 2023
	----- Rupees in '000 -----	
Net income for the year / period after taxation	107,442	71,324
Other comprehensive income	-	-
<b>Total comprehensive income for the year / period</b>	<b>107,442</b>	<b>71,324</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Total Treasury Exchange Traded Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2024

	June 30, 2024			For the period from September 12, 2022 to June 30, 2023		
	Capital value	Undistributed income	Total	Capital value	Undistribut ed income	Total
Note	(Rupees in '000)					
<b>Net assets at beginning of the year / period</b>	500,000	1,324	501,324	-	-	-
Issue of 5,000,000 units						
Capital value (at net asset value per unit at the beginning of the period)	-	-	-	500,000	-	500,000
Element of income	-	-	-	-	-	-
<b>Total proceeds on issue of units</b>	-	-	-	500,000	-	500,000
Total comprehensive income for the period	-	107,442	107,442	-	71,324	71,324
Interim distribution of Rs. 20 per unit declared on June 24, 2024 as cash dividend (2023: Rs. 14 per unit)	-	(100,000)	(100,000)	-	(70,000)	(70,000)
	-	7,442	7,442	-	1,324	1,324
<b>Net assets at end of the year / period</b>	500,000	8,766	508,766	500,000	1,324	501,324
<b>Undistributed income brought forward</b>						
- Realised income		1,536			-	
- Unrealised loss		(212)			-	
		1,324			-	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			-	
- Excluding capital gains		107,442			71,324	
		107,442			71,324	
Distribution for the year / period:		(100,000)			(70,000)	
<b>Undistributed income carried forward</b>		8,766			1,324	
<b>Undistributed income carried forward</b>						
- Realised income		10,123			1,536	
- Unrealised loss		(1,357)			(212)	
		8,766			1,324	
		Rupees			Rupees	
<b>Net asset value per unit at beginning of the year / period</b>		10.0265			-	
<b>Net asset value per unit at end of the year / period</b>	15.1	101.7531			10.0265	
The annexed notes 1 to 28 form an integral part of these financial statements.						

**For HBL Asset Management Limited**  
**(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

# HBL Total Treasury Exchange Traded Fund

## Statement of Cash Flow

For the year ended June 30, 2024

	June 30, 2024	For the period from September 12, 2022 to June 30, 2023
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year / period before taxation	107,442	71,324
Adjustments for:		
Capital loss on sale of investments - net	552	-
Income from government securities	(101,804)	-
Profit on bank deposit	(14,917)	(9,118)
Unrealised loss on re-measurement of investments at fair value through profit or loss - net	1,357	-
	(7,370)	62,206
<b>(Increase) / Decrease in assets</b>		
Investments - net	(503,883)	-
Preliminary expenses and floatation costs	88	(374)
Advances and Deposits	-	(2,156)
	(503,795)	(2,530)
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Management Company	(42)	911
Payable to the Trustee	1	53
Payable to the Securities and Exchange Commission of Pakistan	(39)	85
Accrued expenses and other liabilities	161	348
	81	1,397
<b>Cash (used in) / generated from operations</b>	(511,084)	61,073
Income received from government securities	99,188	-
Profit received on bank deposits	14,866	9,063
	114,054	9,063
<b>Net cash used from operating activities</b>	(397,030)	70,136
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	-	500,000
Dividend paid	(164,662)	-
<b>Net cash (used in) / generated from financing activities</b>	(164,662)	500,000
<b>Net increase in cash and cash equivalents</b>	(561,692)	570,136
Cash and cash equivalents at beginning of the year / period	570,136	-
<b>Cash and cash equivalents at end of the year / period</b>	8,444	570,136

The annexed notes 1 to 28 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**1. LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** HBL Total Treasury Exchange Traded Fund (the Fund) was established under a Trust Deed, dated August 16, 2021, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on November 30, 2021. The Fund is registered on December 06, 2021.

The Management Company of the Fund has been registered as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake asset management services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

The Fund is an open-ended mutual fund. The units are transferable and can also be redeemed by surrendering to the Fund.

**1.2** The Fund is a hybrid fund having features of both open and closed end fund. A new concept of Authorised Participants (APs) has been introduced who will act as market makers. The Management Company will only have contract with the APs for issuance and redemption of units. The units of the Fund are tradeable in the Pakistan Stock Exchange Limited (PSX). The APs to whom the units are issued may either hold units or trade them in the PSX. Consequently, upon trading, the holder of the units keeps on changing. Moreover, on issuance and redemption of units, the basket of units will be exchanged between AP and Management Company and cash will be paid / received if there is a difference in the applicable net asset value of a creation unit and the market value of the portfolio deposit.

**1.3** The Fund has been categorised as Exchange Traded Fund as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited.

**1.4** The objective of the Fund is to invest in a particular basket of government securities to track the performance of component securities of the benchmark index which is constituted and managed by the Management Company.

**1.5** Title to the assets of the Fund is held in the name of CDC as Trustee of the Fund.

**1.6** VIS Credit Rating Company has assigned a management quality rating of AM1 (Stable Outlook) to the Management Company on December 29, 2023, while the fund is currently not rated.

**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; and
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, the directives issued by the SECP and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, the directions issued by the SECP and requirements of the Trust Deed have been followed.

The prior period amounts of the income statement, statement of other comprehensive income, statement of movement in unit holder's fund and the statement of cash flows are not comparable as the comparative figures represent the results of period from September 12, 2022 to June 30, 2023 whilst the figures for the current period represent the results of complete financial year of the Fund.

## **2.2 Critical accounting estimates and judgments**

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- (a) Classification and measurement of financial assets (notes 4.1.1.1 and 6)
- (b) Impairment of financial assets (note 4.1.1.3)
- (c) Provisions (note 4.3)
- (d) Classification and measurement of financial liabilities (note 4.1.2.1)
- (e) Contingencies and Commitments (Note 14)
- (f) Taxation (notes 4.4 and 18)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

## **2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

## **2.4 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for investments which are measured at fair value.

## **3. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

### **3.1 New amendments that are effective for the year ended June 30, 2024**

The following amendments are effective for the year ended June 30, 2024. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.



- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to 'IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

### 3.2 Standard and amendments to IFRS that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments and standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 16 'Leases' - Clarification on how 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 along with non-current liabilities with Covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments.	January 01, 2026

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### **4.1 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

##### **4.1.1 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

##### **4.1.1.1 Classification and measurement of financial assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

##### **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

##### **Financial assets at fair value through other comprehensive income (debt instruments)**

For debt instruments at fair value through other comprehensive income (OCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

##### **Financial assets at fair value through profit or loss (debt instruments)**

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

#### **4.1.1.2 Fair value measurement principles**

The fair value of financial instruments is determined as follows:

##### **Basis of valuation of government debt securities:**

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV) which are based on the remaining tenor of the securities.

##### **Basis of valuation of debt securities:**

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

"The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned Circulars after taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk. "

#### **4.1.1.3 Impairment of financial assets**

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

#### **4.1.1.4 Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or

- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset.

#### **4.1.2 Financial liabilities**

##### **4.1.2.1 Classification and measurement of financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading) or the Fund has opted to measure them at fair value through profit or loss.

##### **4.1.2.2 Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

##### **4.1.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **4.2 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

#### **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 the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

#### **4.4 Taxation**

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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

"Authorised Participants (APs) can purchase the units at the offer price and redeem at the redemption price at any of the authorised distribution offices during business hours.

The offer price shall be equal to the sum of:

- The Net Asset Value (NAV) as of the close of the previous business day (historical pricing); and
- Such amount as the Management Company may consider an appropriate provision for duties and charges.

Units of the Fund may be acquired or redeemed directly from the Fund only in Creation Units lot size or multiples thereof as mentioned in the Offering Document. Investors can sell the units at market prices on PSX which may be above or below actual NAV of the Fund."

#### 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

- Capital gain / (loss) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Profit / return on Market treasury bills and investment in debt securities are recognised at a time apportionment basis using the effective interest rate method.
- Unrealised gain / (loss) arising on re-measurement of investments at 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

#### 4.9 Expenses

All expenses chargeable to the Fund including remuneration of Management Company, Trustee fee and SECP fee are recognised in the income statement on an accrual basis.

#### 4.10 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	

### 5. BANK BALANCES

Savings account	5.1	<u>8,444</u>	<u>2,306</u>
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5.1 These carry profit at the rates ranging between 21.40% to 22.50% (2023: 14.75% to 22%) per annum.

	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	

## 6. INVESTMENTS

### Financial asset at fair value through profit or loss

Government securities	6.1	<b>501,974</b>	567,830
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### 6.1 Government securities

Market treasury bills	6.1.1	<b>454,742</b>	567,830
Pakistan investment bond	6.1.2	<b>47,232</b>	-
		<b>501,974</b>	567,830

#### 6.1.1 Market treasury bills

Particulars	Tenure	Issue Date	Face value				As at June 30, 2024			Market value as percentage of total investments	Market value as percentage of Net Assets
			As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised loss		
(Rupees in '000)											%
Market treasury bills	3 months	April 20, 2023	572,000		572,000	-	-	-	-	-	-
Market treasury bills	3 months	June 22, 2023	-	524,000	524,000	-	-	-	-	-	-
Market treasury bills	3 months	August 10, 2023	-	539,000	539,000	-	-	-	-	-	-
Market treasury bills	3 months	September 21, 2023	-	109,500	109,500	-	-	-	-	-	-
Market treasury bills	3 months	October 19, 2023	-	112,000	112,000	-	-	-	-	-	-
Market treasury bills	6 months	October 19, 2023	-	89,000	89,000	-	-	-	-	-	-
Market treasury bills	12 months*	October 19, 2023	-	98,000	1,180	96,820	91,638	91,366	(272)	18.20	17.96
Market treasury bills	12 months*	November 02, 2023	-	100,000	-	100,000	93,990	93,658	(332)	18.66	18.41
Market treasury bills	12 months*	November 16, 2023	-	400,000	110,000	290,000	270,751	269,718	(1,033)	53.73	53.01
Total as at June 30, 2024							456,379	454,742	(1,637)		
Total as at June 30, 2023							568,042	567,830	(212)		

\* These market treasury bills carry effective yield at the rate ranging from 21.43% to 22.78% (2023: 22.34%) per annum.

#### 6.1.2 Pakistan Investments Bonds (PIBs)-Fixed

Particulars	Tenure	Issue date	Face value				As at June 30, 2024			Market value as percentage of total investments	Market value as percentage of Net Assets
			As at July 01, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain		
<div>(Rupees in '000)</div> <div>%</div>											
Pakistan Investment Bond-Fixed*	3 years	February 15, 2024	-	50,000	-	50,000	46,952	47,232	280	9.35	9.23
Total - as at June 30, 2024							46,952	47,232	280		

\* These Pakistan Investment Bonds carry effective yield at the rate 16.66% (2023: Nil) per annum.

**6.2 Unrealised loss on re-measurement of investment**

at 'fair value through profit or loss'-net

		June 30, 2024	For the period from September 12, 2022 to June 30, 2023
	Note	----- (Rupees in '000) -----	
Market value of investment	6.1.1, 6.1.2	501,974	567,830
Carrying value of investment	6.1.1, 6.1.2	(503,331)	(568,042)
		<u>(1,357)</u>	<u>(212)</u>

**7. PROFIT / MARK-UP RECEIVABLE**

Profit receivable on:

- Bank deposits

- Government Securities

107	55
<u>2,616</u>	<u>-</u>
<u>2,723</u>	<u>55</u>

**8. PRELIMINARY EXPENSES AND FLOATATION COSTS**

Preliminary expenses and floatation costs

Amortisation during the period

8.1	374	445
	<u>(88)</u>	<u>(71)</u>
	<u>286</u>	<u>374</u>

**8.1** This represents all expenses incurred in connection with the incorporation, registration, establishment and authorisation of the fund which is being amortized by the Fund over the period of five years commencing from September 12, 2022 in accordance with the Trust Deed and in Regulations 60 of the NBFC Regulations.

**9. ADVANCES AND DEPOSITS**

Security deposits with Central Depository Company of Pakistan Limited  
Advance Tax

	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	
	100	100
	<u>2,056</u>	<u>2,056</u>
	2,156	2,156

**10. PAYABLE TO THE MANAGEMENT COMPANY**

Remuneration payable to the Management Company

Sindh Sales Tax payable on Management Company's remuneration

Formation cost payable

Allocated Expenses

10.1	192	233
10.2	25	30
	555	555
10.3	<u>97</u>	<u>93</u>
	<u>869</u>	<u>911</u>

**10.1** In regulation 61 of the NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the Offering Document is 0.5% per annum of average annual net assets. During the year, the fee is being charged at the rate ranging from 0.4% to 0.5% of the average annual net assets accordingly. The fee is payable monthly in arrears

**10.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023:13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.

- 10.3 As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate 0.2% of the average annual net assets accordingly

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>11. PAYABLE TO THE TRUSTEE</b>			
Trustee fee payable	11.1	48	47
Sindh Sales Tax payable on remuneration of the Trustee	11.2	6	6
		<u>54</u>	<u>53</u>

- 11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.1% per annum of Net Assets under the provisions of the Trust Deed as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee on monthly in arrears.

- 11.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
SECP fee payable	12.1	46	85

- 12.1 "In accordance with the Regulation 62 of NBFC Regulations, a Collective Investment Scheme (CIS) was required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average net assets of CIS calculated on daily basis.

Effective as of July 1, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.095% and introduced a shift in payment frequency, from annual to monthly basis."

		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		414	344
Brokerage payable		3	3
Printing and stationery payable		63	-
Withholding tax payable		24	-
Bank charges payables		5	1
		<u>509</u>	<u>348</u>

#### 14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 and June 30, 2023.



		June 30, 2024	For the period from September 12, 2022 to June 30, 2023
		----- (Number of Units) -----	
<b>15. NUMBER OF UNITS IN ISSUE</b>			
Total units in issue at the beginning of the year / period		50,000,000	-
Units issued during the year / period		-	50,000,000
Impact of consolidation of units during the year	15.1	(45,000,000)	-
Units redeemed during the year / period		-	-
Total units in issue at the end of the year / period		<u>5,000,000</u>	<u>50,000,000</u>

**15.1** The HBL Asset Management Limited (The Management Company) affected the consolidation of units of the Fund in the ratio of 10 unit for every 100 units of the Fund held by the unitholders. The Management Company announced the book closure of the Fund from December 19, 2023 to December 21, 2023 to give effect to the change in face value in the units of the Fund. The trading in the units of the Fund was suspended w.e.f December 15, 2023.

Trading in the units of the Fund resumed from December 22, 2023 and the opening price of the units of the Fund was 10x (ten times) of the closing price of its units on the last trading day i.e. December 14, 2023. The matter of consolidation was appropriately disclosed to the market participants via announcement through PSX.

		June 30, 2024	For the period from September 12, 2022 to June 30, 2023
		----- (Rupees in '000) -----	
<b>16. AUDITORS' REMUNERATION</b>			
Annual audit fee		355	290
Half yearly review fee		155	127
Out of pocket and other certification expenses		<u>51</u>	<u>41</u>
		561	458
Sindh Sales Tax		<u>45</u>	<u>37</u>
		606	495

		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
<b>17. CASH AND CASH EQUIVALENTS</b>	<b>Note</b>		
Bank balances	5	8,444	5,217
Market treasury bills	6.1.1	-	567,830
		<u>8,444</u>	<u>573,047</u>

**18. TAXATION**

The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unitholders in cash. Furthermore, Regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current year, as the Management Company has distributed at least 90% of the Fund's accounting income as reduced by accumulated losses and capital gains whether realised or unrealised, for the year ended June 30, 2024 to its unit holders.

**19. TOTAL EXPENSE RATIO**

The total expense ratio of the Fund for the year is 1.33% (2023: 0.85%) and this includes 0.18% (2023: 0.08%) representing government levy, and SECP fee etc. This ratio is within the maximum limit of 1.5% prescribed under the NBFC Regulations for a Collective Investment Scheme categorised as an "Index" scheme.

**20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties / connected persons include HBL Asset Management Limited, being the Management Company, Habib Bank Limited, being the Sponsor of the Management Company, CDC, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company and directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.

Details of the transactions with related parties / connected persons and balances with them are as follows:

20.1	Details of transactions with related parties / connected persons during the year / period :	June 30, 2024	For the period from September 12, 2022 to June 30, 2023
		----- (Rupees in '000) -----	
	<b>HBL Asset Management Limited - Management Company</b>		
	Remuneration of the Management Company	2,843	2,129
	Sindh Sales Tax on remuneration of the Management Company	370	277
	Allocated Expenses	1,113	851
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Trustee remuneration	557	426
	Sindh Sales Tax payable on the Trustee fee	72	55
	<b>HBL - Cash Fund</b>		
	Purchase of market treasury bills	-	200,000
	Sale of market treasury bills	110,000	400,000
	<b>HBL Government Securities Fund</b>		
	Sale of market treasury bills	1,180	-
	<b>Trustee HBL Financial Sector Income Fund Plan I - Associate</b>		
	Dividend paid	68,885	-

June 30, 2024	For the period from September 12, 2022 to June 30, 2023
----- (Rupees in '000) -----	

**CDC-Trustee HBL Money Market Fund.**

Sale of market treasury bills	572,000	-
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**HBL - Pension Fund Money Market Sub Fund**

Sale of market treasury bills	-	600,000
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**Habib Bank Limited - Authorized Participant**

Issuance of 50,000,000 units	-	500,000
Sale of market treasury bills	49,000	-
Dividend Paid	5,856	-

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
<b>20.2 Balances outstanding as at year / period end</b>		

**HBL Asset Management Limited - Management Company**

Remuneration payable to the Management Company	192	233
Sindh Sales Tax payable on Management Company's remuneration	25	30
Allocated Expenses	97	93
Formation cost payable	555	555

**Central Depository Company of Pakistan Limited - Trustee**

Trustee fee payable	48	47
Sindh Sales Tax payable on Trustee Fee	6	6

**Habib Bank Limited - Authorised Participant**

Investment held in the Fund: 292,800 units (2023: 1,412,000 units)	29,793	14,157
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**CDC Trustee HBL Financial Sector Income Fund Plan I - Associate \***

Investment held in the Fund: 3,444,250 units (2023: 3,391,750 units)	350,463	392,627
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\* The movement of units not shown in related party transactions as the trade of the units carried in secondary market, i.e: ...PSX. Therefore, transactons during the period is not connected with the Fund.

**21. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

"A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. "

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As at June 30, 2024							
Particulars	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>Financial assets measured at fair value</b>							
Market treasury bills	454,742	-	454,742	-	454,742	-	454,742
Pakistan Investment Bonds	47,232	-	47,232	-	47,232	-	47,232
	<b>501,974</b>	<b>-</b>	<b>501,974</b>	<b>-</b>	<b>501,974</b>	<b>-</b>	<b>501,974</b>
<b>Financial assets not measured at fair value</b>							
Bank balance	-	8,444	8,444				
Profit / markup receivable	-	2,723	2,723				
Deposits	-	100	100				
	<b>-</b>	<b>11,267</b>	<b>11,267</b>				
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	844	844				
Payable to the Trustee	-	48	48				
Dividend payable	-	5,338	5,338				
Accrued expenses and other liabilities	-	454	454				
	<b>-</b>	<b>12,023</b>	<b>12,023</b>				

As at June 30, 2023							
Particulars	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
<b>Financial assets measured at fair value</b>							
Market treasury bills	567,830	-	567,830	-	567,830	-	567,830
<b>Financial assets not measured at fair value</b>							
Bank balance	-	2,306	2,306				
Profit / markup receivable	-	55	55				
Deposits	-	100	100				
	<b>-</b>	<b>2,461</b>	<b>2,461</b>				
<b>Financial liabilities not measured at fair value</b>							

As at June 30, 2023

Particulars	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Financial liabilities not measured at fair value

Payable to the Management Company	-	881	881
Payable to the Trustee	-	47	47
Dividend payable		70,000	70,000
Accrued expenses and other liabilities	-	323	323
	-	71,251	71,251

## 22. 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 Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and other price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the Investment Committee which provide broad guidelines for management of above mentioned risks. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework."

### 22.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors of Management Company and the regulations laid down by the SECP, the NBFC Regulations and the NBFC Rules.

Market risk comprises of three types of risk: currency risk, yield / interest rate risk and other price risk.

#### 22.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistan Rupees.

#### 22.1.2 Yield / interest rate risk

Yield / 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. As of June 30, 2024, the Fund is exposed to such risk on bank balances and government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2024 details of Fund's interest bearing financial instruments were as follows:

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
<b>Variable rate instrument (financial asset)</b>		
Bank balances	8,444	2,306
<b>Fixed rate instrument (financial asset)</b>		
Government securities	501,974	567,830

**a) Sensitivity analysis for variable rate instruments**

As at June 30, 2024, the Fund holds KIBOR based bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs. 0.08 million (2023: Rs. 0.02 million).

**b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2024, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Markets Association of Pakistan FMAP on June 30, 2024, the net income for the year and net assets would be lower / higher by Rs. 5.02 million (2023: Rs. 5.68 million).

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

As at June 30, 2024						
Yield / effective interest rate	Exposed to yield / interest risk				Total	
	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk		
----- % -----	----- Rupees in '000 -----					
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank Balances	21.40 to 22.50	8,444	-	-	-	8,444
Investments	16.66 to 22.78	-	454,742	47,232	-	501,974
Profit / markup receivable		-	-	-	2,723	2,723
Deposits		-	-	-	100	100
Preliminary expenses and floatation costs		-	-	-	286	286
		8,444	454,742	47,232	3,109	513,527
<b>Financial Liabilities</b>						
Payable to Management Company		-	-	-	844	844
Payable to Trustee		-	-	-	48	48
Dividend payable		-	-	-	5,338	5,338
Accrued expenses and other liabilities		-	-	-	454	454
		-	-	-	6,685	6,685
On-balance sheet gap		8,444	454,742	47,232	(3,576)	506,842
Total profit rate sensitivity gap		8,444	454,742	47,232		
Cumulative profit rate sensitivity gap		8,444	463,186	510,418		

As at June 30, 2023					
Yield / effective interest rate	Exposed to yield / interest risk				Total
	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	
----- % ----- Rupees in '000 -----					

**On-balance sheet financial instruments**

**Financial assets**

Bank balances	14.75 to 22	2,306	-	-	-	2,306
Investments	15.20 to 21.90	567,830	-	-	-	567,830
Profit / markup receivable		-	-	-	55	55
Deposits		-	-	-	100	100
Preliminary expenses and floatation costs					374	374
		570,136	-	-	529	570,665

**Financial liabilities**

Payable to Management Company		-	-	-	881	881
Payable to Trustee		-	-	-	47	47
Dividend payable		-	-	-	70,000	70,000
Accrued expenses and other liabilities		-	-	-	323	323
		-	-	-	71,251	71,251

On-balance sheet gap		570,136	-	-	(70,722)	499,414
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Total profit rate sensitivity gap		570,136	-	-		
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Cumulative profit rate sensitivity gap		570,136	570,136	570,136		
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### 22.1.3 Price risk

Price 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 (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

In case of a 1% increase / decrease in effective yield as on June 30, 2016, the net assets of the Fund would increase / decrease by Rs. 2.41 million (2015: Rs. 3.345 million).

### 22.2 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 profit receivable on bank balances and bank balances. There is no risk attributable on investments, as all investments are made in government securities as per offering document, while the bank balances are maintained with bank with a reasonably high credit rating.

Credit risk from balances with banks and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors of the management company. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The maximum exposure to credit risk before considering any related collateral as at June 30, 2024 is the carrying amount of financial assets. None of these financial assets are 'impaired' nor 'past due but not impaired'. Investment in government securities (if any) are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2024		June 30, 2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Bank balances	8,444	8,444	2,306	2,306
Investments	501,974	-	567,830	-
Profit / markup receivable	107	107	55	55
Deposit	100	-	100	100
	<b>510,625</b>	<b>8,551</b>	<b>570,291</b>	<b>2,461</b>

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2024 and June 30, 2023:

Bank balances by rating category	June 30, 2024		June 30, 2023	
	Rupees in '000	%	Rupees in '000	%
A-1+	8,444	100.00	2,306	100.00
	<b>8,444</b>	<b>100.00</b>	<b>2,306</b>	<b>100.00</b>

Above ratings are on the basis of available ratings assigned by Pakistan Credit Rating Agency (PACRA) as of June 30, 2024.

Investments in market treasury bills and PIBs do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and Management does not expect to incur any credit loss on such investment.

#### 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 concentrated in bank balances other than the Government securities.

### 22.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.



The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at June 30, 2024					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
Rupees in '000					
<b>Financial assets</b>					
Bank balances	8,444	-	-	-	8,444
Investments	-	-	454,742	47,232	501,974
Profit / markup receivable	2,723	-	-	-	2,723
Deposit	100	-	-	-	100
	11,267	-	454,742	47,232	513,241
<b>Financial liabilities</b>					
Payable to Management Company	844	-	-	-	844
Payable to Trustee	48	-	-	-	48
Dividend payable	5,338	-	-	-	5,338
Accrued expenses and other liabilities	454	-	-	-	454
	6,685	-	-	-	6,685
<b>On-balance sheet gap</b>	4,582	-	454,742	47,232	-
<b>Total liquidity sensitivity gap</b>	4,582	-	454,742	47,232	-
<b>Cumulative liquidity sensitivity gap</b>	4,582	4,582	459,324	506,556	506,556

As at June 30, 2023					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
Rupees in '000					
<b>Financial assets</b>					
Bank balances	2,306	-	-	-	2,306
Investments	-	567,830	-	-	567,830
Profit receivable	55	-	-	-	55
Deposit	100	-	-	-	100
	2,461	567,830	-	-	570,291
<b>Financial liabilities</b>					
Payable to Management Company	881	-	-	-	881
Payable to Trustee	41	-	-	-	47
Dividend payable	70,000	-	-	-	70,000
Accrued expenses and other liabilities	348	-	-	-	348
	71,270	-	-	-	71,276

As at June 30, 2023					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total

Rupees in '000

On-balance sheet gap

73,731 567,830 - - -

Total profit rate sensitivity gap

73,731 567,830 - - -

Cumulative profit rate sensitivity gap

73,731 641,561 641,561 641,561 641,561

## 23. LIST OF BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

### Brokers during the year ended June 30, 2024

1. Al Falah CLSA Securities (Private) Limited
2. Continental Exchange (Private) Limited
3. Currency Market Associates (Private) Limited

### Brokers during the period ended June 30, 2023

1. C & M Management (Private) Limited
2. Optimus Markets (Private) Limited
3. Continental Exchange (Private) Limited
4. BMA Capital Management Limited
5. Magenta Capital (Private) Limited
6. Currency Market Associates (Private) Limited
7. Al Falah CLSA Securities (Private) Limited

## 24. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 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	29
3.	Rahat Saeed Khan	Head of Fixed Income	MBA	27
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

## 25. PATTERN OF UNIT HOLDING

Pattern of unit holding as at June 30, 2024 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000'				-----%-----
Mutual fund	1	3,444,250	350,463	69
Individuals	89	721,400	73,405	14
Joint stock companies	3	541,550	55,104	11
Financial institution	1	292,800	29,793	6
	94	5,000,000	508,766	100

Pattern of unit holding as at June 30, 2023 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000'				-----%-----
Mutual fund	1	39,159,000	392,628	78
Individuals	44	7,503,500	75,234	15
Joint stock companies	2	1,925,500	19,306	4
Financial institution	1	1,412,000	14,156	3
	48	50,000,000	501,324	100

## 26. 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	Leave granted	
1.	Mr. Shahid Ghaffar	6	6	-	-
2.	Ms. Ava A. Cowasjee	6	6	-	-
3.	Mr. Rayomond H. Kotwal	6	5		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. GENERAL**

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**28. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

**For HBL Asset Management Limited  
(Management Company)**

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



**HBL** Mehfooz  
Munafa Fund

## FUND INFORMATION

NAME OF FUND	HBL Mehfooz Munafa Fund
NAME OF AUDITOR	BDO Ebrahim & Co. Chartered Accountants.
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited.
NAME OF BANKERS	Habib Bank Limited Bank Al Habib Limited

#### Type and Category of Fund

Open end Fixed Rate Fund

#### Investment Objective and Accomplishment of Objective

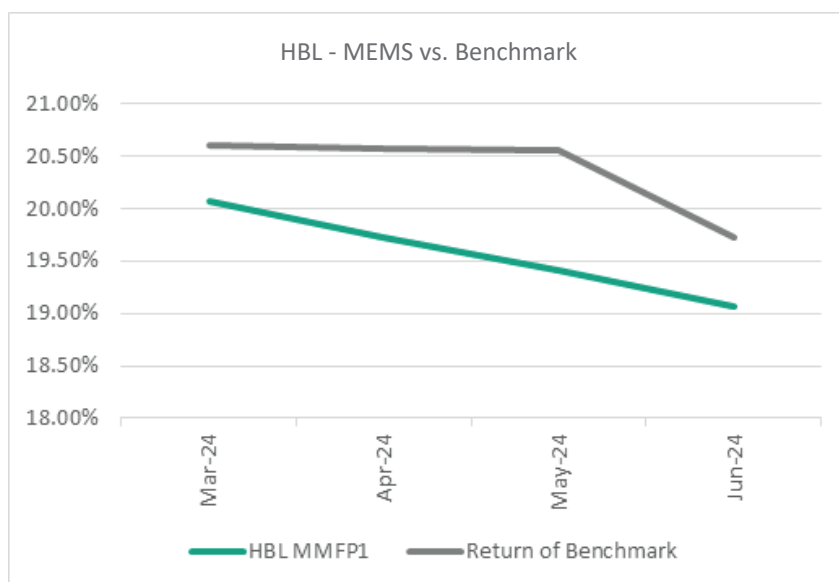
The investment objective of the Fund is to provide competitive returns to its investors through active investment in low risk portfolio of short duration, while maintaining high liquidity. The Fund will aim to maximize returns through efficient utilization of investment and liquidity management tools.

#### Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is 3 month PKRV at inception.

The comparison of the fund return with benchmark is given below:

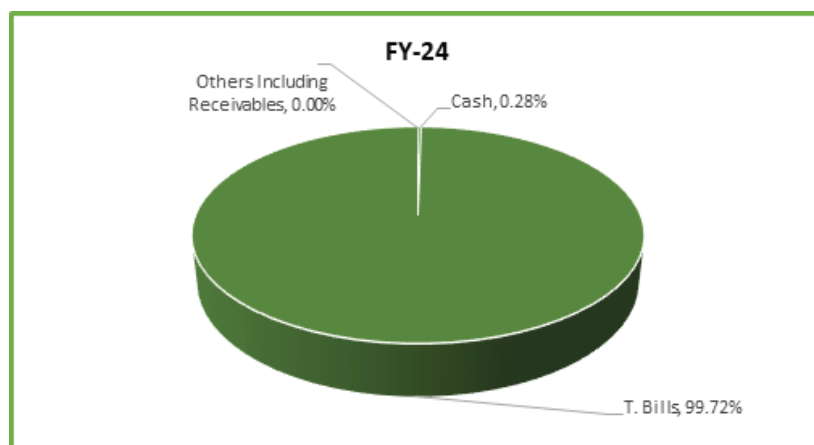
Month	HBL-MEMF	Benchmark
Jun-24	19.07%	19.73%
May-24	19.42%	20.55%
Apr-24	19.73%	20.57%
Mar-24	20.07%	20.60%
Feb-24	20.39%	20.34%
Jan-24	NA	NA
Dec-23	NA	NA
Nov-23	NA	NA
Oct-23	NA	NA
Sep-23	NA	NA
Aug-23	NA	NA
Jul-23	NA	NA



#### Strategies and Policies employed during the Year

HBL Mehfooz Munafa Fund was launched with the basic objective of providing a fixed rate return to its investors for a limited timeframe. The fund invested majority of the amount in shorter duration government securities to provide market competitive returns to its investors. The Tenor of the investment is generally in tandem with the tenor of the fund to avoid any mismatch.

#### Asset Allocation



## Fund Performance

### HBL Mehfooz Munafa Fund

The HBL Mehfooz Munafa Fund (the Fund) launched its plan-II on May 18, 2023 and matured on August 09, 2023. The Fund launched its plan-I on January 31, 2024. Performance of each plan is presented below.

#### HBL Mehfooz Munafa Fund Plan-II

The total income and net income of the plan was Rs. 69.07 million and Rs. 64.28 million respectively for the period from July 01, 2023 till maturity of the plan. The net assets as at June 30, 2024 stands NIL as all the net assets are disbursed to its investors upon maturity.

#### HBL Mehfooz Munafa Fund Plan-I

The total income and net income of the plan was Rs. 430.38 million and Rs. 421.42 million respectively for the period from January 31, 2024 to June 30, 2024. The net assets as at June 30, 2024 was 5.36 billion representing NAV of Rs. 100.4630, after incorporating dividend of Rs. 7.9342, thereby giving an annualized return of 20.39% against the benchmark return of 20.40%.

## 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.

## Distribution

The Fund has distributed cash dividend up-to Rs. 7.9342 per unit for the year ended June 30, 2024 in its Plan-I.



### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

### Breakdown of Unit Holding by Size (Plan-1)

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	-	-
101 – 500	-	-
501 – 1,000	-	-
1,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 – 500,000	-	-
500,001 – 1,000,000	-	-
1,000,001 – 5,000,000	-	-
5,000,001 and above	1	53,372,035
<b>Total</b>	<b>1</b>	<b>53,372,035</b>

### Unit Splits

There were no unit splits during the year.

### Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

### Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –**  
**MEHFOOZ MUNAFA FUND**  
*As at June 30, 2024*

	2024
Net assets at the period end(Rs'000)	5,361,916
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES</b>	
Redemption	100.4630
Offer	0
<b>OFFER / REDEMPTION DURING THE PERIOD - RUPEES</b>	
Highest offer price per unit	0
Lowest offer price per unit	0.0000
Highest redemption price per unit	107.8783
Lowest redemption price per unit	100.0000
<b>RETURN ( % )</b>	
Total return	20.39%
Income distribution	19.04%
Capital growth	1.35%
<b>DISTRIBUTION</b>	
Final dividend distribution- Rs	7.93
Date of Income Distribution	22-06-24
Total dividend distribution for the year/ period	7.93
<b>AVERAGE RETURNS ( % )</b>	
Average annual return 1 year	20.39%
Average annual return 2 year	-
Average annual return 3 year	-
<b>PORTFOLIO COMPOSITION - (%)</b>	
Percentage of Total Assets as at 30 June:	
Bank Balances	0.28%
t-bills	99.72%
Placement with Banks and DFIs	0.00%
Corporate Sukuks	0.00%
Stock / Equities	0.00%
Others	0.00%

**Note:**

The Launch date of the Fund is Jan 31, 2024

**Disclaimer:**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S, Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcPakistan.com](http://www.cdcPakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL MEHFOOZ MUNAFA FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Mehfooz Munafa Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) 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; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, September 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 UNITHOLDERS OF HBL MEHFOOZ MUNAFA FUND

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of HBL Mehfooz Munafa ("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 unit holders' fund 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.

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: AR202410166QgmtjBzR7

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

# HBL Mehfooz Munafa Fund

## Statement of Assets and Liabilities

As at June 30, 2024

		2024		2023		
		Plan-I	Plan-II	Total	Plan-II	Total
Note		----- Rupees in '000' -----				
<b>ASSETS</b>						
Balances with banks	5	16,047	511	16,558	6,513	6,513
Investments	6	5,408,713	-	5,408,713	2,925,325	2,925,325
Preliminary expenses and flotation costs		-	-	-	96	96
Profit / mark-up receivable	7	894	-	894	139	139
<b>TOTAL ASSETS</b>		5,425,654	511	5,426,165	2,932,073	2,932,073
<b>LIABILITIES</b>						
Payable to the Management Company	8	2,323	204	2,527	4,157	4,157
Payable to the Trustee	9	552	-	552	298	298
Payable to Securities and Exchange Commission of Pakistan	10	666	-	666	70	70
Accrued expenses and other liabilities	11	60,197	307	60,504	13,595	13,595
<b>TOTAL LIABILITIES</b>		63,738	511	64,249	18,120	18,121
<b>NET ASSETS</b>		5,361,916	-	5,361,916	2,913,953	2,913,951
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>						
		5,361,916	-	5,361,916	2,913,953	2,913,953
<b>CONTINGENCIES AND COMMITMENTS</b>						
	12					
-----Number of units-----						
Number of units in issue	13	53,372,035	-	53,372,035	29,075,261	29,075,261
-----Rupees-----						
Net assets value per unit		100.4630	-		100.2211	

The annexed notes from 1to 28 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# **HLB Mehfooz Munafa Fund** **Income Statement** *For the year ended June 30, 2024*

		For the period from January 31, 2024 to June 30, 2024	For the period from July 01, 2023 to August 09 2023	For the period from May 18, 2023 to June 30, 2023			
		Plan-I	Plan-II	Total	Plan-II	Total	
Note		Rupees in '000					
<b>Income</b>							
	Income from Government securities	429,490	68,675	498,165	76,368	76,368	
	Profit / mark-up on bank deposits	894	398	1,292	138	138	
		430,384	69,073	499,457	76,506	76,506	
<b>Expenses</b>							
	Remuneration of the Management Company	8.1	3,565	2,349	5,914	2,302	2,302
	Sindh Sales Tax on remuneration of the Management Company	8.2	463	305	768	299	299
	Remuneration of the Trustee	9.1	1,182	107	1,289	264	264
	Sindh Sales Tax on remuneration of the Trustee	9.3	154	14	168	34	34
	Annual fee to Securities and Exchange Commission of Pakistan	10.1	1,612	242	1,854	70	70
	Allocation of fee and expenses related to registrar services, accounting, operation and valuation services	8.3	333	339	672	282	282
	Selling and marketing expense	8.4	1,044	982	2,026	1,070	1,070
	Auditors' remuneration	14	343	249	592	280	280
	Amortisation of preliminary expenses and flotation costs		107	96	203	108	108
	Bank charges		18	22	40	19	19
	Printing and stationary charges		140	85	225	62	62
			8,961	4,790	13,751	4,790	4,790
	Net income for the period before taxation		421,423	64,283	485,706	71,716	71,716
	Taxation	15	-	-	-	-	-
	Net income for the period after taxation		421,423	64,283	485,706	71,716	71,716
<b>Allocation of net income for the year</b>							
	Income already paid on redemption of units		-	9,201		32	
	Accounting income available for distribution:						
	Relating to capital gain		-	-		-	
	Excluding capital gain		421,423	55,082		71,684	
			421,423	55,082		71,684	
			421,423	64,283		71,716	
Earnings per unit		16					

The annexed notes from 1to 28 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



	For the period from January 31, 2024 to June 30 2024	For the period from July 01, 2023 to August 09,2023		For the period from May 18, 2023 to June 30, 2023	
	Plan-I	Plan-II	Total	Plan-II	Total
	-----Rupees in '000'-----				
Net income for the period after taxation	421,423	64,283	485,706	71,716	71,716
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	421,423	64,283	485,706	71,716	71,716

The annexed notes from 1to 28 form an integral part of these financial statements.

**For HBL Asset Management Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**

**HBL Mehfooz Munafa Fund**  
**Statement of Movement In Unitholders' Fund**  
For the year ended June 30, 2024

	Plan-I		
	2024		
	Capital value	Undistributed income	Total
	-----Rupees in '000-----		
Net assets at beginning of the year	-	-	-
Issuance of 53,372,035 units			
Capital value (at net asset value per unit at the beginning of the year)	5,337,203	-	5,337,203
Element of income	-	-	-
Total proceeds on issuance of units	5,337,203	-	5,337,203
Total comprehensive income for the year	-	421,423	421,423
Interim distribution			
Rs 7.9342 per unit declared on June 21, 2024 as cash dividend			
Refund of capital	-	-	-
Distribution during the period	-	(396,710)	(396,710)
	-	24,713	24,713
Net assets at end of the period	5,337,203	24,713	5,361,916
Undistributed income brought forward			
Realised income		-	-
Unrealised income		-	-
Accounting income available for distribution			
Relating to capital (loss) / gain		-	-
Excluding capital gain		421,423	421,423
Distributions during the year:			
Interim distribution of Rs 7.9342 per unit declared on June 21, 2024 as cash dividend		(396,710)	(396,710)
Undistributed income carried forward		24,713	24,713
Undistributed income carried forward			
Realised income		24,713	24,713
Unrealised income		-	-
		24,713	24,713
			(Rupees)
Net assets value per unit at beginning of the period			-
Net assets value per unit at end of the period			100.4630

The annexed notes from 1to 28 form an integral part of these financial statements.

**For HBL Asset Management Limited**  
**(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

# HBL Mehfooz Munafa Fund Statement of Movement In Unitholders' Fund For the year ended June 30, 2024

Plan-II					
2024			2023		
Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Rupees in '000--			Rupees in '000--		
Net assets at beginning of the year	2,907,526	6,427	2,913,953	-	-
Issuance of 1,321,895 units (2023: 29,757,713)					
Capital value (at net asset value per unit at the beginning of the year)	132,482	-	132,482	2,946,494	-
Element of loss	(292)	-	(292)	-	-
Total proceeds on issuance of units	132,190	-	132,190	2,946,494	-
Redemption of 30,396,732 units (2023: 682,452)					
Capital value (at net asset value per unit at the beginning of the year)	(3,046,392)	-	(3,046,392)	(38,968)	-
Income already paid on redemption of units	-	(9,201)	(9,201)	-	(32)
Element of loss	6,676	-	6,676	-	-
Total payments on redemption of units	(3,039,716)	(9,201)	(3,048,917)	(38,968)	(32)
Total comprehensive income for the year	-	64,283	64,283	-	71,716
Interim distribution					
Rs 2.431 per unit declared on August 09, 2023 as cash dividend					
Distribution during the period	-	(61,509)	(61,509)	-	(22,873)
Rs 1.4579 per unit declared on June 26, 2023 as cash dividend					
Distribution during the year	-	-	-	-	(42,384)
	-	2,774	2,774	-	6,459
Net assets at end of the year	-	-	-	2,907,526	6,427
Undistributed income brought forward					
Realised income	6,427			-	
Unrealised income	-			-	
Accounting income available for distribution					
Relating to capital gain	-			-	
Excluding capital gain	55,082			71,684	
Distributions during the period:					
Interim distribution of Rs 2.432 per unit declared on August 09, 2023 as cash dividend	(61,509)			-	
Interim distribution of Rs 0.7913 per unit declared on May 31, 2023 as cash dividend	-			(22,873)	
Interim distribution of Rs 1.4579 per unit declared on June 26, 2023 as cash dividend	-			(42,384)	
	(61,509)			(65,257)	
Undistributed income carried forward	-			6,427	
Undistributed income carried forward					
Realised income	-			6,427	
Unrealised income	-			-	
	-			6,427	
		(Rupees)			(Rupees)
Net assets value per unit at beginning of the year		100.2211			-
Net assets value per unit at end of the year		-			100.2211

The annexed notes from 1to 28 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Mehfooz Munafa Fund**  
**Cash Flow Statement**  
For the year ended June 30, 2024

	For the period from January 31, 2024 to June 30 2024	For the period from July 01, 2023 to August 09,2023		For the period from May 18, 2023 to June 30, 2023	
	Plan-I	Plan-II	Total	Plan-II	Total
Note	Rupees in '000				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income for the period before taxation	421,423	64,283	485,706	71,716	71,716
Adjustments for:					
Income from Government securities	(429,490)	(68,675)	(498,165)	(76,368)	(76,368)
Profit / mark-up on bank deposits	(894)	(398)	(1,292)	(138)	(138)
Amortisation of preliminary expenses and flotation costs	107	96	203	108	108
	(8,854)	(4,694)	(13,548)	(4,682)	(4,682)
<b>(Increase) / decrease in assets</b>					
Investments - net	(5,408,713)	2,925,325	(2,483,388)	(2,848,957)	(2,848,957)
Flotation cost	-	-	-	(204)	(204)
	(5,408,713)	2,925,325	(2,483,388)	(2,849,161)	(2,849,161)
<b>Increase / (decrease) in liabilities</b>					
Payable to the Management Company	2,323	(3,953)	(1,630)	4157	4157
Payable to the Trustee	552	(298)	254	298,428	298,428
Payable to Securities and Exchange Commission of Pakistan	666	(70)	596	70	70
Accrued expenses and other liabilities	60,090	(13,291)	46,799	13593	13593
	63,631	(17,612)	46,019	18118	18118
Cash (used in) / generated from operation	(5,353,936)	2,903,019	(2,450,917)	(2,835,725)	(2,835,725)
Income received from Government securities	429,490	68,675	498,165	-	-
Income received from profit / mark-up on bank deposits	-	537	537	-	-
Net cash flows (used in) / generated from operating activities	(4,924,446)	2,972,231	(1,952,215)	(2,835,725)	(2,835,725)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts from issue of units	5,337,203	132,190	5,469,393	2,946,494	2,946,494
Payment against redemption of units	-	(3,048,917)	(3,048,917)	(39,000)	(39,000)
Dividend paid	(396,710)	(61,509)	(458,219)	(65,257)	(65,257)
Net cash generated from financing activities	4,940,493	(2,978,236)	1,962,257	2,842,238	2,842,238
Net increase/ (decrease) in cash and cash equivalents	16,047	(6,005)	10,042	6,513	6,513
Cash and cash equivalents at beginning of the period	-	6513	6,513	-	-
Cash and cash equivalents at end of the period	16,047	508	16,555	6,513	6,513

The annexed notes from 1to 28 form an integral part of these financial statements.

## **1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** HBL Mehfooz Munafa Fund (the Fund) was established under a Trust Deed executed between HBL Asset Management Limited as the Management Company, and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/AMCW/HBL-MEMF/298/2022 dated April 05, 2022 and the Trust Deed was executed on May 24, 2022.
- 1.2** 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. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The Fund is an Open-End Fixed Rate/Return Scheme. The Management Company has the intention of launching 10 fixed return plans having maturity upto thirty six months from the date of closure of the IPO. The Allocation Plans shall be closed for new subscriptions after the close of the subscription period. Currently, HBL Mehfooz Munafa Fund Plan-I is active. The units of which were initially offered for public subscription at a par value of Rs.100 per unit on January 31, 2024. HBL Mehfooz Munafa Fund Plan-II matured during the year on August 09, 2023.
- 1.4** The Fund has been categorised as a Fixed Rate/Return scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).
- 1.5** The Core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.
- 1.6** VIS Credit rating Company has assigned a management quality rating of AM1 (stable outlook) to the Management Company on December 29, 2023.
- 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**

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
- the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017,, 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 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 17 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 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

Certain annual improvements have also been made to a number of IFRSs.

The 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 (2023: Significant 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 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
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,

#### **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 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 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 investments 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 and 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 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

#### **4.5 Proposed distributions**

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

#### **4.6 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.7 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.8 Net assets value per unit**

The net assets value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

#### **4.9 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- 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.

#### 4.10 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.

			2024			2023	
			Plan-I	Plan-II	Total	Plan-II	Total
<b>5</b>	<b>BALANCES WITH BANKS</b>	<b>Note</b>	-----Rupees in '000'-----			-----Rupees in '000'-----	
	Local Currency						
	in savings accounts	5.1	16,047	511	16,558	6513	6513

**5.1** There carry mark-up at rates ranging between 9% to 17.50% per annum and 13.83% to 19.51%(2023: 13.83% to 19.50%) per annum of HBL Mehfooz Munafa Fund Plan-I and Plan-II. This represent balance held with Habib Bank Limited (a related party).

			2024			2023	
			Plan-I	Plan-II	Total	Plan-II	Total
<b>6</b>	<b>INVESTMENTS</b>	<b>Note</b>	-----Rupees in '000'-----			-----Rupees in '000'-----	
	Financial assets						
	At amortised cost	6.1	5,408,713	-	5,408,713	2,925,325	2,925,325
			5,408,713	-	5,408,713	2,925,325	2,925,325

#### 6.1 Financial assets at amorised cost

	Government securities						
	Market Treasury Bills	6.1.1	5,408,713	-	5,408,713	2,925,325	2,925,325
			5,408,713	-	5,408,713	2,925,325	2,925,325

#### 6.1.1 Financial assets at amortised cost - Market Treasury Bills

Plan	Issue date	Tenure	Maturity Date	As at June 30, 2023	Placement made during the period	Income accrued	Sales / matured during the period	As at June 30, 2024	Percentage of net assets	Percentage of total of investments
----- Rupees in '000 -----										
Plan-I	1 Feb,2024	1 Year	26-Dec-2024	-	4,979,223	429,490	-	5,408,713	100.87%	100.00%
Plan-II	May 18, 2023	3 Months	10-Aug-2023	2,925,325	-	68,675	2,994,000	-	-	100.00%
<b>Total - as at June 30, 2024</b>				2,925,325	4,979,223	498,165	2,994,000	5,408,713	100.87%	100.00%
<b>Total - as at June 30, 2023</b>				-	2,884,048	75,543	34,266	2,925,325	100.39%	100.00%

**6.1.1.1** As at June 30, 2024, Market Treasury Bills having a face value of Rs. 5.915 million, carry effective yield of 20.85% per annum.

			2024			2023	
			Plan-I	Plan-II	Total	Plan-II	Total
<b>7</b>	<b>PROFIT / MARK-UP RECEIVABLE</b>	<b>Note</b>	-----Rupees in '000'-----			-----Rupees in '000'-----	
	Bank deposits	7.1	894	-	894	139	139
			894	-	894	139	139

**7.1** This includes Rs. 0.894 million receivable from Habib Bank Limited, a related party.

		2024			2023	
		Plan-I	Plan-II	Total	Plan-II	Total
		-----Rupees in '000'-----			-----Rupees in '000'-----	
<b>8</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>					
	Remuneration payable to the Management Company	8.1	1,332	-	1,332	2,302
	Sindh Sales Tax on Management Company's remuneration	8.2	173	-	173	299
	Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	-	-	282	282
	Selling and marketing expense payable	8.4	711	-	711	1070
	Formation cost payable		107	204	311	204
			2,323	204	2,527	4,157

**8.1** 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 period, the fee is being charged at the rate of the average annual net assets. The fee is payable monthly in arrears.

**8.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

**8.3** As per Regulation 60(3)(s) of NBFC Regulations, fees and expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the CIS. During the previous year, the fee was charged at the rate of 0.040% of the average annual net assets in Plan-I and 0.092% in Plan-II.

**8.4** As per Regulation 60(3)(v) of NBFC Regulations, selling and marketing expense may be charged for all categories of funds except fund of funds with no cap. During the period, the fee is being charged at the rate ranging between 0.040% and 0.080% of the average annual net assets in Plan-I and 0.304% in Plan-II.

		2024			2023	
		Plan-I	Plan-II	Total	Plan-II	Total
		-----Rupees in '000'-----			-----Rupees in '000'-----	
<b>9</b>	<b>PAYABLE TO THE TRUSTEE</b>					
	Trustee fee payable	9.1	489	-	489	264
	Sindh Sales Tax on remuneration of the Trustee	9.3	63	-	63	34
			552	-	552	298

**9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed, as per the tariff specified therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

**9.2** As per the trust deed and offering document, the trustee remuneration shall consist of reimbursement of actual custodian expenses plus trustee tariff of 0.055% p.a. of net assets.

**9.3** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

			2024			2023	
			Plan-I	Plan-II	Total	Plan-II	Total
<b>10</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	-----Rupees in '000'-----			-----Rupees in '000'-----	
	Annual fee payable	10.1	666	-	666	70	70

10.1 As per Regulation 62 of NBFC Regulations, an Asset Management Company managing a CIS shall pay SECP an annual fee of 0.0750% of the average annual nets assets. The fee is payable annually in arrears.

			2024			2023	
			Plan-I	Plan-II	Total	Plan-II	Total
<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		-----Rupees in '000'-----			-----Rupees in '000'-----	
	Withholding tax payable-dividend		59,507	-	59,507	9340	9340
	Withholding tax payable-others		189	-	189	3902	3902
	Auditors' remuneration		343	236	579	280	280
	Printing charges		140	71	211	62	62
	Others		18	-	18	11	11
			60,197	307	60,504	13,595	13,596

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024.(2023:Nil)

			2024			2023	
			Plan-I	Plan-II	Total	Plan-II	Total
<b>13</b>	<b>NUMBER OF UNITS IN ISSUE</b>						
	Total units in issue at the beginning of the period		-	29,075,261	29,075,261	-	
	Add: Units issued		53,372,035	1,321,471	54,693,506	29,757,713	29,757,713
	Less: Units redeemed		-	(30,396,732)	(30,396,732)	(682,452)	(682,452)
	Total units in issue at the end of the period		53,372,035	-	53,372,035	29,075,261	29,075,261

			2024			2023	
			Plan-I	Plan-II	Total	Plan-II	Total
<b>14</b>	<b>AUDITORS' REMUNERATION</b>		-----Rupees in '000'-----			-----Rupees in '000'-----	
	Annual audit fee		288	209	497	235	235
	Other certifications and out of pocket expenses		55	40	95	45	45
			343	249	592	280	280

## 15 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current year, as the Management Company has distributed at least 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) to its unit holders.

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.

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

Particulars	Plan-I			Plan-II		
	As at June 30, 2024			As at June 30, 2024		
	Fair value through profit or loss	Amortised cost	Total	Fair value through profit or loss	Amortised cost	Total
	Rupees in '000			Rupees in '000		
<b>Financial assets</b>						
Bank balances	-	16,047	16,047	-	511	511
Investments						
Market Treasury Bills	-	5,408,713	5,408,713	-	-	-
Profit / mark-up receivable	-	894	894	-	-	-
	-	5,425,654	5,425,654	-	511	511

Particulars	Plan-II		
	As at June 30, 2023		
	Fair value through profit or loss	Amortised cost	Total
	Rupees in '000		
<b>Financial assets</b>			
Bank balances	-	6,513	6,513
Investments			
Market Treasury Bills	-	2,925,325	2,925,325
Profit / mark-up receivable	-	139	139
	-	2,931,977	2,931,977

Particulars	Plan-I			Plan-II		
	As at June 30, 2024			As at June 30, 2024		
	Fair value through profit or loss	Amortised cost	Total	Fair value through profit or loss	Amortised cost	Total
	Rupees in '000			Rupees in '000		
<b>Financial liabilities</b>						
Payable to the Management Company	-	2,150	2,150	-	204	204
Payable to the Trustee	-	552	552	-	-	-
Accrued expenses and other liabilities	-	501	501	-	307	307
	-	3,203	3,203	-	511	511

Particulars	Plan-II		
	As at June 30, 2023		
	Fair value through profit or loss	Amortised cost	Total
	Rupees in '000		
<b>Financial liabilities</b>			
Payable to the Management Company	-	3,858	3,858
Payable to the Trustee	-	264	264
Accrued expenses and other liabilities	-	4,253	4,253
	-	8,375	8,375

**18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS**

Related parties / Connected persons include HBL Asset Management Limited, being the Management Company, Habib Bank Limited, being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, directors of connected persons and persons having 10% or more beneficial ownership of the units of the Fund.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.

Details of the transactions with connected persons and balances with them are as follows:

18.1	Transactions during the period	2024			2023	
		Plan-I	Plan-II	Total	Plan-II	Total
		--- Rupees in '000 ---			---Rupees in '000'---	
	<b>HBL Asset Management Limited - Management Company</b>					
	Remuneration of Management Company	3,565	2,349	5,914	2,302	2,302
	Sindh Sales Tax on remuneration of the Management company	463	305	769	299	299
	Allocation of expenses related to registrar services, accounting, operation and valuation services	333	339	672	282	282
	Selling and marketing expense	1,044	982	2,026	1,070	1,070
	Formation cost payable	107	96	203	204	204
	<b>Central Depository Company of Pakistan Limited - Trustee</b>					
	Remuneration	1,182	107	1,289	264	264
	Sindh Sales Tax on remuneration of the Trustee	154	14	168	34	34
	<b>Habib Bank Limited - Sponsor</b>					
	Bank charges paid	18	22	40	19	19
	Profit / mark-up on deposits accounts	894	398	1,292	139	139

18.2	Balance outstanding as at the period end	2024			2023	
		Plan-I	Plan-II	Total	Plan-II	Total
		--- Rupees in '000 ---			---Rupees in '000'---	
	<b>HBL Asset Management Limited - Management Company</b>					
	Remuneration payable to the Management Company	1,332	-	1,332	2,302	2,302
	Sindh Sales Tax payable on Management Company's remuneration	173	-	173	299	299
	Allocation of expenses related to registrar services, accounting, operation and valuation services	-	-	-	282	282
	Selling and marketing expense payable	711	-	711	1,070	1,070
	Formation cost payable	107	204	311	204	204
	<b>Central Depository Company of Pakistan Limited - Trustee</b>					
	Trustee fee payable	489	-	489	264	264
	Sindh Sales Tax payable on Trustee Remuneration	63	-	63	34	34
	<b>Habib Bank Limited - Sponsor</b>					
	Balances with banks	16,047	511	16,557	6491	6491
	Profit / mark-up receivable	894	-	894	139	139

## 19 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 Government securities. These activities expose the Fund to a variety of financial risks, such as market risk, credit risk and liquidity risk.

### 19.1 Market risk

Market risk is a risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, interest rate risk and other price risk.

#### 19.1.1 Currency risk

Currency risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

#### 19.1.2 Interest rate risk

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

##### a) Cash flow interest rate risk

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 9% to 17.50% per annum,

In case of 100 basis points increase / decrease in interest rates on June 30, 2024, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.16047 million.

##### b) Fair value interest rate risk

The Fund's investment portfolio currently includes Treasury bills (T bills), which have fixed interest rates. This characteristic of T bills ensures that the Fund's holdings are not influenced by changes in market interest rates. As a result, the Fund is not subject to fair value interest rate risk at this time.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

Particulars	As at June 30, 2024					
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Bank balances	16.58 - 19.51	16,047	-	-	-	16,047
Investments						
Market Treasury Bills	21.99	-	-	-	5,408,713	5,408,713
Profit / mark-up receivable		-	-	-	894	894
Sub total		16,047	-	-	5,409,607	5,425,654
Financial liabilities						
Payable to the Management Company		-	-	-	2,150	2,150
Payable to the Trustee		-	-	-	552	552
Accrued expenses and other liabilities		-	-	-	501	501
Sub total		-	-	-	3,203	3,203
On-balance sheet gap (a)		16,047	-	-	5,406,404	5,422,451
Off-balance sheet financial instruments						
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		16,047	-	-	5,406,404	5,422,451
Cumulative interest rate sensitivity gap		16,047	-	-		



Particulars	As at June 30, 2023					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Bank balances	16.58 - 19.51	6,513	-	-	-	6,513
Investments						
Market Treasury Bills	21.99	-	-	-	2,925,325	2,925,325
Profit / mark-up receivable		-	-	-	139	139
Sub total		6,513	-	-	2,925,464	2,931,976
Financial liabilities						
Payable to the Management Company		-	-	-	3,858	3,858
Payable to the Trustee		-	-	-	264	264
Accrued expenses and other liabilities		-	-	-	4,253	4,253
Sub total		-	-	-	8,375	8,375
On-balance sheet gap (a)		6,513	-	-	2,917,088	2,923,601
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		6,513	-	-	2,917,088	2,923,601
Cumulative interest rate sensitivity gap		6,513	-	-		

### 19.1.3 Other price risk

Price risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

### 19.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to investment in bank balances. Bank balances are maintained with balance with a reasonably high credit rating.

#### 19.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2024.

2024			
Plan-I			
Name of Banks	Balances held as at	Latest available published rating	Rating agency

Rupees in '000

Balances with banks by rating category

Habib Bank Limited	16,047	A-1+	VIS
	16,047		

2023			
Plan-II			
Name of Banks	Balances held as at	Latest available published rating	Rating agency

Rupees in '000

Balances with banks by rating category

Bank Al Habib Limited	21	A-1+	PACRA
Habib Bank Limited	6,491	A-1+	VIS

**19.2.2** The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2024 -- (Percentage) --
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 Government securities and bank balances, while the remaining transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

### 19.3 Liquidity risk

Liquidity risk is a risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to cash redemptions subject to contingent load due to early redemptions, if any, at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow. The borrowing, however, shall not be resorted to, except for meeting redemption requests. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current period, no borrowings were made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

2024				
Particulars	As at June 30, 2024			
	Upto three months	More than three months and upto one year	More than one year	Total
Rupees in '000				
<b>Financial liabilities</b>				
Payable to the Management Company	2,150	-	-	2,150
Payable to the Trustee	552	-	-	552
Accrued expenses and other liabilities	501	-	-	501
	3,203	-	-	3,203

2023				
Particulars	As at June 30, 2023			
	Upto three months	More than three months and upto one year	More than one year	Total
Rupees in '000				
<b>Financial liabilities</b>				
Payable to the Management Company	3,858	-	-	3,858
Payable to the Trustee	264	-	-	264
Accrued expenses and other liabilities	4,253	-	-	4,253
	8,375	-	-	8,375

## 20 UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

## 21 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 reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

"A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. "

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

**21.1** The carrying amount of assets and liabilities are appearing to its fair value.

**21.2 Transfers during the year**

During the period, no transfers were made between various levels of fair value hierarchy.

**22 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE**

There were no brokers during the year ended June 30, 2024.

**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	Qualifications	Experience in years
1.	Mir Adil Rashid	Chief Executive Officer	BSc	25+
2.	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	28+
4.	Rahat Saeed Khan	Head of Fixed income	MBA	26+
5.	Imad Ansari	Head of Risk	MBA	17+
6.	Ahsan Ali	Head of Research	CFA	8+
7.	Raza Abbas	Senior Fund Manager	M.Com	21

## 24 PATTERN OF UNITHOLDING

Category	----- As at June 30, 2024-----			
	No. of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
<b>Plan-I</b>				
Other Corporate	1	53,372,035	5,361,915	100%
	1	53,372,035	5,361,915	100%

### Plan-II

The Fund has redeemed all of its units held on August 09, 2023 after which there has been no unit holder left in the fund.

Category	----- As at June 30, 2023 -----			
	No. of unit holders	Number of units held	Investment amount	Percentage
Rupees in '000				
<b>Plan-II</b>				
Individuals	112	17,228,035	1,726,612	59.25%
Foreign Individual	1	214,374	21,485	0.74%
Retirement Funds	5	3,220,709	322,783	11.08%
Trust	1	862,056	86,396	2.96%
Other Corporate	8	7,549,663	756,635	25.97%
	127	29,074,837	2,913,911	100.00%

## 25 ATTENDANCE AT MEETINGS OF THE 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	Leave granted	
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 directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2024 is 0.42% and 1.77%(2023: 1.36%) which includes 0.1% and 0.24%(2023: 0.15%) representing Government levy and SECP fee of HBL Mehfooz Munafa Fund Plan-1 and Plan-II.

**27 GENERAL**

**27.1** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**27.2** The HBL Mehfooz Munafa Fund Plan-I has been launched in current year. Therefore, comparatives of Plan-I have not been presented.

**28 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  
(Management Company)**

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**Chief Financial Officer**

---

**Chief Executive Officer**

---

**Director**



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# HBL

## ASSET MANAGEMENT LTD.

## ایس ایٹ مینجمنٹ لمیٹڈ

**Head Office Karachi:**  
7th Floor, Emerald Tower, Clifton,  
Karachi.  
UAN: 111 HBL AMC (111-425-262)  
Fax: 021-35168455  
info@hblasst.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