

**HBL**

**ASSET MANAGEMENT LTD.**

**ايسيت ميجمنٹ لميٹڈ**

AMC Rating : AM2+ by VIS

# HALF YEAR REPORT

For the half year ended Dec 31, 2019

MOVING TOWARDS  
**EXCELLENCE**

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# CORPORATE INFORMATION

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## Management Company

HBL Asset Management Limited

### Board of Directors (Composition as of February 13, 2020)

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

### Audit Committee

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

### Human Resource Committee

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

### Risk Management Committee

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

### Company Secretary & Chief Financial Officer

Mr. Noman Qurban

### AMC Rating

AM2+ (Positive Outlook)

### Legal Advisors

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

### Website

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

### Head Office & Registered Office

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

# REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Islamic Money Market Fund, HBL Islamic Income Fund, HBL Islamic Stock Fund, HBL Islamic Equity Fund, HBL Islamic Asset Allocation Fund, HBL Islamic Financial Planning Fund and HBL Islamic Dedicated Equity Fund (the Funds) for the half year ended December 31, 2019.

### Economic Review

Policy steps taken over the last two years continue to lead to improvement in the macros as the economy is showing signs of recovery in the shape of decline in Current Account deficit, better FX reserves position and stable exchange rate. These stability measures have led to slowdown in GDP growth and higher inflation in the near term.

Policy makers allowed PKR depreciation of 10.0% during 1HFY20 to address the overvaluation of the currency to improve overall trade balance of the country. The Real Effective Exchange Rate has reached 95 indicating that the currency is trading below fair value. Central bank continued the monetary tightening by raising benchmark interest rates by 100bps during 1HFY20. These changes led to some respite in trade data (SBP) showed export growth of 4% in 1HFY20 compared to decline in import by 21%, dragging 1HFY20 trade deficit by 39% to USD 9.82bn. Remittances also showed encouraging trend as it witnessed an uptick of 3% in 1HFY20 clocking at USD 11.4bn. These factors led the Current Account Deficit (CAD) for 1HFY20 to decrease by 75%YoY to USD 2.1bn (1.5% of GDP) compared to USD 8.6bn (5.8% of GDP) during same period last year. Slowdown in CAD was a welcome effect but it was coupled with overall slowdown in domestic economy with 5.9% decline in LSM during 5MFY20 compared to decline of 0.9% during 5MFY19. Foreign exchange reserves increased to USD 17.9bn while SBP reserves stands at USD 11.3bn.

Average headline CPI inflation was 11.1% in 1HFY20, much higher than the 6.0% recorded during the 1HFY19 on account of higher average oil prices and currency depreciation. We expect headline inflation to remain high in the near term due to elevated food prices. However the inflation is expected to fall sharply in 2HCY20 due to high base effect.

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

### Money Market Review

SBP continued its monetary tightening policy in 1HFY20 to control the rising current account deficit and in anticipation of increasing inflationary pressures.

As per latest data available, Islamic Banking industry assets posted 21.8% growth and stood at PKR 2,995 billion by Sep-19. Similarly, deposits of Islamic banks also witnessed a sharp growth of 20.1% YoY and reached PKR 2,407 billion by Sep-19. The government issued Islamic Sukuk of PKR 200bn in previous fiscal year to partially retire the circular debt. This is a long term instrument and will be SLR Eligible resulting in increased investment avenues for the Islamic banks. Moreover, we expect an additional PKR 200bn of Islamic Sukuk would be issued in 2HFY20 to settle circular debt and the issue is also expected to be a long term instrument with SLR eligibility.

During the half, Government shifted its borrowing from central bank to scheduled banks. Government retired PKR 740bn from central bank against borrowing of PKR 159bn during same period last year. Meanwhile, Government borrowing from banks increased by PKR 927bn during the period. Government largely managed its borrowing requirements through domestic sources, and largely from scheduled banks.

In the monetary policy held in Jan-20, SBP kept the policy rate at 13.25%. Going forward, we foresee inflation to decline from current levels due to normalization of food prices and high base effect. We expect a cut in SBP policy rate by 100-150 bps in the calendar year.

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## Stock Market Review

Pakistan Equity Markets witnessed a surge in the outgoing half as external account stabilized and overall investor sentiment turned positive amid improving macros.

The benchmark KMI30 Index surged 12,957 points to close at 67,075 points (+24%). Majority of the sectors witnessed bullish momentum due to cheap valuations as market rerated from its lows. Due to rising interest rates and PKR depreciation, Banking and Oil & Gas Exploration sectors remained in the lime light. Cement, Engineering and pharmaceutical sector also made a comeback in the latter half of 1HFY20.

Foreigners turned net buyers in the market after four years, investing equities worth USD 8mn during the half ended Dec-19. Individuals were the largest net buyers with net buy of USD 140mn. On the flip side, mutual fund, insurance companies and banks divested USD 19.6mn, USD 52.6mn and USD 90.7mn respectively.

Moving ahead, Pakistan equities are expected to gain further traction due to cheaper valuation and expected cut in policy rate. Moreover, market participants would closely watch out for inflation numbers and foreign flows. We will maintain our strategic focus towards "bottom-up" approach and align exposure towards stocks with strong earnings potential.

## FUND'S PERFORMANCE

### HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 87.69 million and Rs. 76.79 million respectively during the period ended December 31, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 101.9968 per unit as on June 30, 2019 to Rs. 101.9989 per unit as on December 31, 2019 (after incorporating interim monthly dividends of Rs. 5.0245 per unit); thereby giving an annualized return of 12.13%. During the same period, the benchmark return (3 Month bank deposit rates) was 5.49%. The size of Fund was Rs. 1.73 billion as on December 31, 2019 as compared to Rs. 1.05 billion at the start of the year.

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

### HBL Islamic Income Fund

The total income and net income of the Fund was Rs. 107.91 million and Rs. 89.31 million respectively during the period ended December 31, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 101.4883 per unit as on June 30, 2019 to Rs. 107.2031 per unit as on December 31, 2019; thereby giving an annualized return of 11.17%. During the same period, the benchmark return (6 Month bank deposit rates) was 6.12%. The size of Fund was Rs. 1.41 billion as on December 31, 2019 as compared to Rs. 3.10 billion at the start of the year.

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

### HBL Islamic Stock Fund

The total and net income of the Fund was Rs. 125.23 million and Rs. 110.96 million respectively during the period ended December 31, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 91.2924 per unit as on June 30, 2019 to Rs. 110.6179 per unit as on December 31, 2019 giving a return of 21.17% during the period against the benchmark return (KMI 30 Index) of 22.01%. The size of Fund was Rs. 0.71 billion as on December 31, 2019 as compared to Rs. 0.64 billion at the start of the year.

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**HBL Islamic Equity Fund**

The total and net income of the Fund was Rs. 107.23 million and Rs. 95.19 million respectively during the period ended December 31, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 76.7855 per unit as on June 30, 2019 to Rs. 92.4580 per unit as on December 31, 2019 giving a return of 20.41% during the period against the benchmark return (KMI 30 Index) of 22.01%. The size of Fund was Rs. 0.53 billion as on December 31, 2019 as compared to Rs. 0.27 billion at the start of the year.

**HBL Islamic Asset Allocation Fund**

The total and net income of the Fund was Rs. 113.33 million and Rs. 95.08 million respectively during the period ended December 31, 2019. The Net Asset Value (NAV) of the Fund increased from Rs. 103.2688 per unit as on June 30, 2019 to Rs. 113.3854 per unit as on December 31, 2019; thereby giving a return of 9.80% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of 8.13%. The size of Fund was Rs. 0.46 billion as on December 31, 2019 as compared to Rs. 1.13 billion at the start of the year.

**HBL Islamic Financial Planning Fund**

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

The Fund as a whole earned total and net income of Rs. 100.07 million and Rs. 95.63 million respectively during the period under review. The fund size of the fund stood at Rs. 0.65 billion. Performance review for plan is given below:

**Active Allocation Plan**

During the period under review, the Active allocation plan earned total and net income of Rs. 15.56 million and Rs. 14.98 million respectively. The net assets of the Active allocation plan stood at Rs. 107 million representing Net Asset Value (NAV) of Rs. 106.1426 per unit as at December 31, 2019 as compared to Net Asset Value (NAV) of Rs. 93.3275 per unit as at start of the year. The plan earned a return of 13.73% for the period under review compared to its Benchmark return of 13.95%.

**Conservative Allocation Plan**

During the period under review, the Conservative allocation plan earned total and net income of Rs. 1.24 million and Rs. 1.17 million respectively. The net assets of the Conservative allocation plan stood at Rs. 10 million representing Net Asset Value (NAV) of Rs. 110.1755 per unit as at December 31, 2019 as compared to Net Asset Value (NAV) of Rs. 101.4641 per unit as at start of the year. The plan earned a return of 8.59% for the period under review compared to its Benchmark return of 6.89%.

**Strategic Allocation Plan**

During the period under review, the Strategic allocation plan earned total and net income of Rs. 18.47 million and Rs. 17.74 million respectively. The net assets of the Strategic allocation plan stood at Rs. 57 million representing Net Asset Value (NAV) of Rs. 119.4124 per unit as at December 31, 2019 as compared to Net Asset Value (NAV) of Rs. 100.7694 per unit as at start of the year. The plan earned a return of 18.50% for the period under review compared to its Benchmark return of 19.20%.

**Islamic Capital Preservation Plan**

During this period under review, the Islamic Capital Preservation plan earned total and net income of Rs. 64.80 million and Rs. 60.50 million respectively. The net assets of the Islamic Capital Preservation plan stood at Rs. 473 million representing Net Asset Value (NAV) of Rs. 113.9467 per unit as at December 31, 2019 as compared to Net Asset Value (NAV) of Rs. 99.4840 as at start of the year. The plan earned a return of 14.54% for the period under review compared to its Benchmark return of 14.56%.

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**HBL Islamic Dedicated Equity Fund**

The total and net income of the Fund was Rs. 57.31 million and Rs. 51.74 million respectively during the period ended December 31, 2019. The net assets of the Fund was 224 million representing Net Asset Value (NAV) of the Fund was Rs. 101.1208 per unit as on December 31, 2019 as compared to Net Asset Value (NAV) of Rs. 83.8322 as at start of the year. The Fund yielded a return of 20.62% during the period against the benchmark return (KMI 30 Index) of 22.01%.

**MANAGEMENT COMPANY RATING**

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

**Acknowledgement**

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

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

On behalf of the Board of  
HBL Asset Management Limited

Chief Executive Officer

ایچ بی ایل ایسٹ پیمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز، مسرت اپنی رپورٹ بشمول ایچ بی ایل اسلامک منی مارکیٹ فنڈ، ایچ بی ایل اسلامک انشاک فنڈ، ایچ بی ایل اسلامک ایکویٹی فنڈ، ایچ بی ایل اسلامک ایلویشن فنڈ، ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ اور ایچ بی ایل اسلامک ڈیڈ ویگٹ ایکویٹی فنڈ (دی فنڈز) کے مالیاتی حسابات برائے سال تختہ 31 دسمبر 2019 پیش کر رہے ہیں۔

#### اقتصادی جائزہ

گزشتہ دو برسوں کے دوران کئی پالیسی اقدامات کیے گئے جس کے نتیجے میں میکروز میں بہتری آئی جیسا کہ معیشت نے کرنٹ اکاؤنٹ خسارے میں کمی کی صورت، بہتر فارن ایکسچینج ریزرو پوزیشن اور مستحکم زرمبادلہ کی شرح کے اشارے ظاہر کیے۔ استحکام کے ان اقدامات کے نتیجے میں آئندہ مدت میں جی ڈی پی گرتھ اور بلند تر افراط زر میں ست روی رہی۔

پالیسی سازوں نے مالی سال 20 کی پہلی ششماہی کے دوران پاک روپے کی قدر میں 10.0% کمی کی اجازت کرنی کی اور ویلیو ایڈیشن سے نمٹنے کی وجہ سے دی تا کہ ملک کا مجموعی تجارتی توازن بہتر ہو سکے۔ ریٹیل اینفلیشن ایکسچینج ریٹ 95 تک پہنچا جس نے ظاہر ہوا کہ کرنسی فیئر ویلیو سے نیچے ٹریڈ کر رہی ہے۔ مرکزی بینک نے شیخ مارک شرح سود کو مالی سال 20 کی پہلی ششماہی کے دوران 100 بی پی ایس تک بڑھانے کے ذریعے مالیاتی سخت نظم و ضبط برقرار رکھا۔ ان تبدیلیوں کے نتیجے میں تجارتی خسارہ 39% تک گر کر 9.82 امریکی ڈالر ہو گیا۔ زرتیلیات نے بھی حوصلہ افزا رجحان ظاہر کیا جیسا کہ بیہمالی سال 20 کی پہلی ششماہی میں 3% تک بڑھ کر 11.4 بلین یو ایس ڈالر ہو گیا۔ ان عناصر کی وجہ سے کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) مالی سال 20 کی پہلی ششماہی کے لیے 75% تک کم ہو کر 2.1% ارب امریکی ڈالر ہو گیا (جی ڈی پی کا 1.5%) جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ 8.6 بلین یو ایس ڈالر (جی ڈی پی کا 5.8%) تھا۔ سی اے ڈی میں ست روی ایک خوش آئند رد عمل تھا تاہم اس کے ساتھ مقامی معیشت میں مجموعی ست روی رہی اور مالی سال 20 کے پہلے پانچ ماہ کے دوران ایل ایس ایم میں 5.9% کمی آئی جبکہ مالی سال 19 کے پہلے پانچ ماہ کے دوران اس کے مقابلے میں 0.9% کمی آئی تھی۔ غیر ملکی زرمبادلہ کی ذخائر 17.9 ارب امریکی ڈالر تک بڑھے جبکہ ایس بی پی کے ذخائر 11.3 ارب یو ایس ڈالر برقرار تھے۔

مالی سال 20 کی پہلی ششماہی میں اوسطاً ہیڈ لائن سی پی آئی افراط زر کی شرح 11.1% جو مالی سال 19 کی پہلی ششماہی کے مقابلے میں بہت زیادہ تھی جیسا کہ اس مدت میں 6.0% ریکارڈ کی گئی تھی جس کی وجہ بلند تر اوسطاً تیل کے نرخ اور کرنسی کی قدر میں کمی تھی۔ ہم توقع کرتے ہیں کہ بڑھتے ہوئے فوڈ پرائسز کی وجہ سے مستقبل قریب میں سرکردہ افراط زر کی شرح بلند رہے گی تاہم تقویمی سال 20 کی دوسری ششماہی میں بلند تر بنیادی اثرات کی وجہ سے افراط زر میں تیزی سے کمی کا امکان ہے۔

آگے بڑھتے ہوئے ہمیں ایک سخت معاشی صورتحال کا سامنا کرنے کا یقین ہے کیونکہ ست رفتار کاروباری سرگرمیوں اور افراط زر کا ممکنہ باؤ برقرار رہے گا۔ اس وقت توجہ ایف اے ٹی ایف کی شرائط پوری کرنے، مالیاتی بندوبست اور آئی ایم ایف کے سماہی اہداف پر حکومتی عمل درآمد پر ہے۔

#### منی مارکیٹ کا جائزہ

ایس بی پی نے مالی سال 20 کی پہلی ششماہی میں اپنی سخت مالیاتی نظم و ضبط کی پالیسی کو برقرار رکھا تا کہ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کو کم کیا جائے اور افراط زر کے بڑھتے ہوئے دباؤ کو کم کیا جاسکے۔

تازہ ترین دستیاب ڈیٹا کے مطابق اسلامی بینکاری کی صنعت کے اثاثہ جات نے ستمبر 19 تک 21.8% کی شرح نمو ظاہر کی اور 2,995 ارب روپے پر موجود تھے۔ اسی طرح اسلامی بینکوں ڈپازٹس نے بھی 20.1% YoY کی تیز رفتار گرتھ ظاہر کی اور ستمبر 19 تک 2,407 ارب روپے پر پہنچ گئے۔ حکومت نے گزشتہ مالی سال میں 200 ارب روپے کے اسلامی سکوک جزوی طور پر سرکلر ڈیٹ کو ریٹائر کرنے کے لیے جاری کیے تھے۔ یہ ایک طویل مدتی انشرومنٹ ہے اور ایس ایل آر کا اہل ہوگا جس کے نتیجے میں اسلامی بینکوں کے لیے انویسٹمنٹ کی راہوں میں اضافہ ہوگا۔ مزید برآں ہم توقع کرتے ہیں کہ مالی سال 20 کی دوسری ششماہی میں اضافی 200 ارب روپے کے اسلامی سکوک جاری کیے جائیں گے تا کہ سرکلر ڈیٹ کو نمٹایا جاسکے اور یہ اجرا ممکنہ طور پر ایس ایل آر کی اہلیت کے ساتھ طویل مدتی انشرومنٹ بھی ثابت ہوگا۔

ششماہی کے دوران حکومت نے اپنے قرضہ جات کو مرکزی بینک سے شیڈولڈ بینکوں پر منتقل کیا۔ حکومت نے گزشتہ سال کی اسی مدت کے دوران 159 ارب روپے کے قرضہ جات کے برخلاف سینٹرل بینک سے 740 ارب روپے ریٹائر کیے۔ اسی کے دوران حکومت کے بینکوں سے قرضے اس مدت کے دوران 927 ارب روپے تک بڑھ گئے۔ حکومت وسیع طور پر اپنے قرضوں کی ضروریات مقامی وسائل بالخصوص شیڈولڈ بینکوں سے پوری کر رہی ہے۔

جنوری۔20 میں وضع کی گئی مانیٹری پالیسی میں ایس بی پی نے اپنا پالیسی ریٹہ %13.25 پر برقرار رکھا۔ آگے بڑھتے ہوئے ہم افراط زر کی شرح موجودہ سطحوں سے کم ہوتے ہوئے دیکھ رہے ہیں جس کی وجہ غذائی اشیاء کی قیمتوں کا عمومی سطح پر آنا اور بلند تر بنیادی اثرات ہیں۔ ہم توقع کرتے ہیں رواں تقویمی سال میں ایس بی پی کا پالیسی ریٹہ %15-100 بی بی ایس تک کم ہو جائے گا۔

اسٹاک مارکیٹ کا جائزہ

پاکستان ایکویٹی مارکیٹس نے جانے والی ششماہی میں اضافے کا رجحان دیکھا کیونکہ بیرونی کھاتے مستحکم ہوئے اور مجموعی طور پر انویسٹر کے رجحانات بہتر ہوئے ہوئے منکروڑ کے باوجود مثبت نظر آئے۔

شیخ مارک I30KMI انڈیکس 12,957 پوائنٹس کے اضافے کے ساتھ 67,075 پوائنٹس (+24%) پر بند ہوا۔ بیشتر شعبوں نے کم مالیت کی ویلیو ایڈیشنز کے باعث تیز رفتاری کا مظاہرہ کیا جیسا کہ مارکیٹ اپنی کم تر سطح سے بحال ہونا شروع ہو گئی تھی۔ بڑھتے ہوئے شرح سود اور پاک روپے کی قدر میں کمی کے باعث بینکنگ اور آئل و گیس ایکسپلوریشن سیکٹرز سرفہرست رہے۔ انجینئرنگ اور فارماسیوٹیکل سیکٹرز نے بھی مالی سال 20 کی پہلی ششماہی کے آخری حصے میں بہتری ظاہر کی۔

چار برسوں کے بعد مارکیٹ میں غیر ملکی جو خالص خریداروں میں شامل ہوئے، انہوں نے دسمبر۔19 کو ختم ہونے والی ششماہی کے دوران 8 ملین یو ایس ڈالر مالیت کی ایکویٹی میں سرمایہ کاری کی۔ انفرادی سرمایہ کار سب سے وسیع تر خالص سرمایہ کار رہے جنہوں نے 140 ملین یو ایس ڈالر کی سرمایہ کاری کی۔ دوسری جانب میوچل فنڈ، انشورنس کمپنیوں اور پیکیوں نے بالترتیب 19.6 ملین یو ایس ڈالر، 52.6 امریکی ڈالر اور 90.7 یو ایس ڈالر کی سرمایہ کاری واپس لی۔

آگے بڑھتے ہوئے پاکستان ایکویٹی کے بارے میں امکان ہے کہ کمتر ویلیو ایٹن کے باعث مزید کھینچ کر فائدہ حاصل کیا جائے گا اور توقع ہے کہ پالیسی ریٹ میں کمی ہوگی۔ مزید برآں مارکیٹ میں موجود ادارے انتہائی باریک بینی سے افراط زر کے اعداد و شمار اور غیر ملکی بہاؤ پر نگاہ رکھیں گے۔ ہم اپنی اسٹریٹیجک توجہ کا مرکز ”ہائیم۔اپ“ پر دوچ برقرار رکھیں گے اور مستحکم آمدنی کی صلاحیت کے ساتھ اسٹاکس کے ضمن میں ایکویٹی پوزیشن رکھے گا۔

فنڈ کی کارکردگی

ایچ بی ایل اسٹاک معنی مارکیٹ فنڈ

فنڈ کی مجموعی اور خالص آمدنی 31 دسمبر 2019 کو ختم ہونے والی مدت کے لیے بالترتیب 87.69 ملین روپے اور 76.79 ملین روپے رہی۔ فنڈ کی نی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2019 کے مطابق 101.9968 روپے نی یونٹ تھی جو 31 دسمبر 2019 کو بڑھ کر 101.9989 روپے نی یونٹ (5.0245 روپے نی یونٹ کا عبوری ماہانہ منافع منقسمہ تشکیل دینے کے بعد) ہو گئی جس کے ذریعے %12.13 کا ایک سالانہ منافع دیا گیا۔ اسی مدت کے دوران شیخ مارک (تین ماہ کا بینک ڈپازٹس ریٹس) منافع %5.49 تھا۔ فنڈ کا حجم 31 دسمبر 2019 کے مطابق 1.73 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 1.05 ملین روپے رہا تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے (f) AA فنڈ اسٹیبلٹی ریٹنگ کی دوبارہ توثیق کی ہے۔

ایچ بی ایل اسٹاک آفم فنڈ

فنڈ کی مجموعی آمدنی اور خالص آمدنی 31 دسمبر 2019 کو ختم ہونے والی مدت کے لیے بالترتیب 107.91 ملین روپے اور 89.31 ملین روپے رہی۔ فنڈ کی نی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2019 کے مطابق 101.4883 روپے نی یونٹ تھی جو 31 دسمبر 2019 کو بڑھ کر 107.2031 روپے نی یونٹ ہو گئی جس کے ذریعے %11.17 کا ایک سالانہ منافع دیا گیا۔ اسی مدت کے دوران شیخ مارک (چھ ماہ بینک ڈپازٹس ریٹس) منافع %6.12 تھا۔ فنڈ کا حجم 31 دسمبر 2019 کے مطابق 1.41 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 3.10 ملین روپے رہا تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے (f) A+ فنڈ اسٹیبلٹی ریٹنگ کی دوبارہ توثیق کی ہے۔

ایچ بی ایل اسٹاک اسٹاک فنڈ

فنڈ کی مجموعی اور خالص آمدنی 31 دسمبر 2019 کو ختم ہونے والی مدت کے لیے بالترتیب 125.23 ملین روپے اور 110.96 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2019 کے مطابق 91.2924 روپے فی یونٹ تھی جو 31 دسمبر 2019 کو بڑھ کر 110.6179 روپے فی یونٹ ہو گئی جس کے ذریعے اس مدت کے دوران 21.17% کا ایک سالانہ منافع دیا گیا۔ اسی مدت کے دوران شیئ مارک (KMI 30 انڈیکس) منافع 22.01% تھا۔ فنڈ کا حجم 31 دسمبر 2019 کے مطابق 0.71 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 0.64 ملین روپے رہا تھا۔

ایچ بی ایل اسلامک ایکویٹی فنڈ

فنڈ کی مجموعی اور خالص آمدنی 31 دسمبر 2019 کو ختم ہونے والی مدت کے لیے بالترتیب 107.23 ملین روپے اور 95.19 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2019 کے مطابق 76.7855 روپے فی یونٹ تھی جو 31 دسمبر 2019 کو بڑھ کر 92.4580 روپے فی یونٹ ہو گئی جس کے ذریعے 20.41% کا ایک سالانہ منافع دیا گیا۔ اسی مدت کے دوران شیئ مارک (KMI 30 Index) منافع 22.01% تھا۔ فنڈ کا حجم 31 دسمبر 2019 کے مطابق 0.53 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 0.27 ملین روپے رہا تھا۔

ایچ بی ایل اسلامک ایسیٹ ایلیویشن فنڈ

فنڈ کی مجموعی اور خالص آمدنی 31 دسمبر 2019 کو ختم ہونے والی مدت کے لیے بالترتیب 113.33 ملین روپے اور 95.08 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2019 کے مطابق 103.2688 روپے فی یونٹ تھی جو 31 دسمبر 2019 کو بڑھ کر 113.3854 روپے فی یونٹ ہو گئی جس کے ذریعے 9.80% کا ایک سالانہ منافع دیا گیا۔ اسی مدت کے دوران شیئ مارک منافع (KMI 30 انڈیکس) اور اے درجے یا زائد کے بینکوں کے چھ ماہ کے ذپازٹ ریٹس کا اوسط حجم کردہ روزانہ منافع 8.13% تھا۔ فنڈ کا حجم 31 دسمبر 2019 کے مطابق 0.46 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 1.13 ملین روپے رہا تھا۔

ایچ بی ایل اسلامک فنانشل پلائنگ فنڈ

ایچ بی ایل اسلامک فنانشل پلائنگ فنڈ چارڈلی فنڈز (پلانز) بنام ایکٹو ایلیویشن پلان، کنزرویٹو ایلیویشن پلان اور اسٹریٹیجک ایلیویشن پلان اور اسلامک کیپیٹل پریزرویشن پلان پر مشتمل ہے۔

فنڈ نے مجموعی طور پر زیر جائزہ مدت کے دوران بالترتیب 100.07 ملین روپے اور 95.63 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ فنڈ کا حجم 31 دسمبر 2019 کے مطابق 0.65 ارب روپے پر موجود تھا۔

پلانز کے لیے کارکردگی کا جائزہ ذیل میں دیا گیا ہے:

ایکٹو ایلیویشن پلان

زیر جائزہ مدت کے دوران ایکٹو ایلیویشن پلان نے بالترتیب 15.56 ملین روپے اور 14.98 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ ایکٹو ایلیویشن پلان کے خالص اثاثہ جات 107 ملین روپے پر موجود تھے جو 31 دسمبر 2019 کے مطابق 106.1426 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات (NAV) کی مالیت 93.3275 روپے فی یونٹ تھی اور اس کے ذریعے 13.73% کا منافع اس کے 13.95% کے شیئ مارک منافع کے برخلاف دیا گیا۔

کنزرویٹو ایلیویشن پلان

زیر جائزہ مدت کے دوران کنزرویٹو ایلیویشن پلان نے بالترتیب 1.24 ملین روپے اور 1.17 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ کنزرویٹو ایلیویشن پلان کے خالص اثاثہ جات 10 ملین روپے پر موجود تھے جو 31 دسمبر 2019 کے مطابق 110.1755 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات (NAV) کی مالیت 101.4641 روپے فی یونٹ تھی اور اس کے ذریعے 8.59% کا منافع اس کے 6.89% کے شیئ مارک منافع کے برخلاف دیا گیا۔

اسٹریٹیجک ایلیویشن پلان

زیر جائزہ مدت کے دوران اسٹریٹجک ایلوکیشن پلان نے بالترتیب 18.47 ملین روپے اور 17.74 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ اسٹریٹجک ایلوکیشن فنڈ کے خالص اثاثہ جات 57 ملین روپے پر موجود تھے جو 31 دسمبر 2019 کے مطابق 119.4124 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات (NAV) کی مالیت 100.7694 روپے فی یونٹ تھی۔ پلان نے جائزہ مدت کے لیے 18.50% کا منافع اس کے 19.20% کے شیئ مارک منافع کے برخلاف حاصل کیا۔

اسلامک کیپٹل پریز روٹیشن پلان

زیر جائزہ مدت کے دوران اسلامک کیپٹل پریز روٹیشن پلان نے بالترتیب 64.80 ملین روپے اور 60.50 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ اسلامک کیپٹل پریز روٹیشن پلان کے خالص اثاثہ جات 473 ملین روپے پر موجود تھے جو 31 دسمبر 2019 کے مطابق 113.946 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات (NAV) کی مالیت 99.4840 روپے فی یونٹ تھی۔ پلان نے جائزہ مدت کے لیے 14.54% کا منافع اس کے 14.56% کے شیئ مارک منافع کے برخلاف حاصل کیا۔

ایچ بی ایل اسلامک ڈیڈیکیڈ ایجوٹیٹی فنڈ

فنڈ کی مجموعی اور خالص آمدنی 31 دسمبر 2019 کو ختم ہونے والی مدت کے لیے بالترتیب 57.31 ملین روپے اور 51.74 ملین روپے رہی۔ فنڈ کے خالص اثاثہ جات کی مالیت 224 ملین روپے تھی جو فنڈ کے خالص اثاثہ جات کی مالیت (NAV) بمطابق 31 دسمبر 2019 کے تحت 101.1208 روپے فی یونٹ کی نمائندگی ظاہر کرتی ہے اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات کی مالیت (NAV) 83.8322 روپے تھی۔ فنڈ نے اس مدت کے دوران 20.62% کا منافع 22.01% کے شیئ مارک منافع (کے ایم آئی 30 انڈیکس) کے برخلاف حاصل کیا۔

انتظامی کفایت کی ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے انتظامی کفایت کے لیے مینجمنٹ کو اے پی ایم 2+ (اے ایم ٹو پلس) کی دوبارہ توثیق کی ہے اور تفویض کردہ ریٹنگ پر آڈٹ لک "مثبت" ظاہر کیا ہے۔

اعتراف

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے اپنے معزز یونٹ۔ ہولڈرز کا ان کے مستقل تعاون اور سرپرستی کے لیے شکریہ ادا کرنا چاہتا ہے۔ اس سلسلے میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور ایم سی بی فنانشل سروسز لمیٹڈ بطور سٹی، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ تعاون اور رہنمائی پر ان کو خراج تحسین پیش کرتے ہیں۔ بورڈ اپنے اسٹاک کی انتھک کاوشوں اور مخلصانہ جدوجہد پر ان کو بھی خراج تحسین پیش کرنا چاہتا ہے

مخائبہ بورڈ

ایچ بی ایل ایسیٹ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

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# **HBL**

## **Islamic Money Market Fund**

## FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC MONEY MARKET FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

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

Karachi, February 24, 2020





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

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

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Money Market Fund** ("the Fund") as at 31 December 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the three months period ended 31 December 2019 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The interim financial information of the Fund for the six months period ended 31 December 2018 and financial statements for the year ended 30 June 2019 were reviewed and audited by another firm of auditors whose reports dated 11 February 2019 and 27 September 2019 expressed an unmodified conclusion and opinion thereon respectively.

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

**Date: 24 February 2020**

**Karachi**

*KPMG Taseer Hadi & Co.*

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at December 31, 2019*

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	6	1,604,039	955,111
Investments	7	121,520	121,627
Accrued profit		16,426	12,495
Advances, deposits and other receivables	8	1,038	109
<b>Total assets</b>		<b>1,743,023</b>	1,089,342
<b>Liabilities</b>			
Payable to Management Company	9	1,724	1,269
Payable to Trustee		92	156
Payable to Securities and Exchange Commission of Pakistan		129	790
Accrued expenses and other liabilities	10	9,247	36,812
<b>Total liabilities</b>		<b>11,192</b>	39,027
<b>Net assets</b>		<b>1,731,831</b>	1,050,315
<b>Unit holders' fund (as per statement attached)</b>		<b>1,731,831</b>	1,050,315
<b>Contingencies and Commitments</b>	11		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>16,978,919</b>	10,399,489
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>101.9989</b>	100.9968

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

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

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

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

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the six and three months period ended December 31, 2019*

	Note	Six months period ended December 31,		Three months period ended December 31,	
		2019	2018	2019	2018
<b>Income</b>					
Profit on deposits with banks calculated using effective yield method		79,880	33,385	43,848	16,798
Return on investments calculated using effective yield method		7,805	3,976	4,430	-
		<b>87,685</b>	<b>37,361</b>	<b>48,278</b>	<b>16,798</b>
<b>Expenses</b>					
Remuneration of Management Company		6,288	4,233	3,928	2,161
Remuneration of Trustee		474	784	255	374
Annual fee to Securities and Exchange Commission of Pakistan		129	348	69	166
Allocation of expenses related to registrar services, accounting, operation and valuation services		980	463	469	220
Selling and marketing expenses		889	-	-	-
Auditors' remuneration		176	190	89	97
Settlement and bank charges		181	140	115	-
Fee and subscription		211	266	150	83
<b>Total expenses</b>		<b>9,328</b>	<b>6,424</b>	<b>5,076</b>	<b>3,101</b>
<b>Net income from operating activities</b>		<b>78,357</b>	<b>30,937</b>	<b>43,203</b>	<b>13,697</b>
Provision for Sindh Workers' Welfare Fund	10.2	(1,567)	(619)	(864)	(332)
<b>Net income for the period before taxation</b>		<b>76,790</b>	<b>30,318</b>	<b>42,338</b>	<b>13,365</b>
Taxation	12	-	-	-	-
<b>Net income for the period after taxation</b>		<b>76,790</b>	<b>30,318</b>	<b>42,338</b>	<b>13,365</b>
<b>Allocation of net income for the period:</b>					
Net income for the period after taxation		76,790	30,318	42,338	13,365
Income already paid on redemption of units		(5,889)	(5,697)	(5,124)	(1,177)
Accounting income available for distribution		<b>70,901</b>	<b>24,621</b>	<b>37,214</b>	<b>12,188</b>
<b>Accounting income available for distribution:</b>					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		70,901	24,621	37,214	12,188
		<b>70,901</b>	<b>24,621</b>	<b>37,214</b>	<b>12,188</b>

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

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

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

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

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the six and three months period ended December 31, 2019*

	Six months period ended		Three months period ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	<b>76,790</b>	30,318	<b>42,338</b>	13,365
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>76,790</u></b>	<u>30,318</u>	<b><u>42,338</u></b>	<u>13,365</u>

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

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

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

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

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the six months period ended December 31, 2019*

	2019			2018		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
----- (Rupees in '000) -----						
<b>Net assets at beginning of the period</b>	<b>1,042,487</b>	<b>7,829</b>	<b>1,050,316</b>	926,993	30,116	957,109
Issue of 17,546,113 units (2018: 7,330,660 units)						
- Capital value	1,772,101	-	1,772,101	739,103	-	739,103
- Element of income	9,314	-	9,314	12,202	-	12,202
Total proceeds on issue of units	1,781,415	-	1,781,415	751,305	-	751,305
Redemption of 10,966,683 units (2018: 7,165,639 units)						
- Capital value	(1,107,600)	-	(1,107,600)	(722,465)	-	(722,465)
- Element of loss	(804)	(5,889)	(6,693)	(5,673)	(5,697)	(5,673)
Total payments on redemption of units	(1,108,404)	(5,889)	(1,114,293)	(728,138)	(5,697)	(733,835)
Total comprehensive income for the period	-	76,790	76,790	-	30,318	30,318
Refund of capital	(4,580)	-	(4,580)	(14,140)	-	(14,140)
Distribution during the period	-	(57,817)	(57,817)	-	(23,697)	(23,697)
Net income for the period less distribution	(4,580)	18,973	14,393	(14,140)	6,621	(7,519)
<b>Net assets at end of the period</b>	<b>1,710,918</b>	<b>20,913</b>	<b>1,731,831</b>	<b>936,020</b>	<b>31,040</b>	<b>967,060</b>
<b>Undistributed income brought forward</b>						
- Realised income		7,829			30,116	
- Unrealised income		-			-	
		<u>7,829</u>			<u>30,116</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			-	
- Excluding capital gains		70,901			24,621	
		<u>70,901</u>			<u>24,621</u>	
Distribution during the period		(57,817)			(23,697)	
<b>Undistributed income carried forward</b>		<u><u>20,913</u></u>			<u><u>31,040</u></u>	
<b>Undistributed income carried forward</b>						
- Relating to realised gain		20,913			31,040	
- Relating to unrealised gain		-			-	
		<u><u>20,913</u></u>			<u><u>31,040</u></u>	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<u><u>100.9968</u></u>			<u><u>104.9735</u></u>
<b>Net assets value per unit at end of the period</b>			<u><u>101.9989</u></u>			<u><u>104.1794</u></u>

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

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

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

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

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

**HBL Islamic Money Market Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the six months period ended December 31, 2019*

	2019	2018
	----- (Rupees in '000') -----	
<b>Cash flows from operating activities</b>		
Net income for the period before taxation	76,790	30,318
<b>Adjustments</b>		
Profit on deposits with banks calculated using effective yield method	(79,880)	(33,385)
Return on investments calculated using effective yield method	(7,805)	(3,976)
	<b>(10,895)</b>	<b>(7,043)</b>
<b>Decrease / (increase) in assets</b>		
Advances, deposits and other receivables	(929)	(382)
Investments	7,913	(114,819)
	<b>6,984</b>	<b>(115,201)</b>
<b>(Decrease) / increase in liabilities</b>		
Payable to Management Company	455	265
Payable to Trustee	(64)	131
Payable to Securities and Exchange Commission of Pakistan	(661)	(261)
Accrued expenses and other liabilities	(27,565)	881
	<b>(27,835)</b>	<b>1,016</b>
	<b>(31,746)</b>	<b>(121,228)</b>
Profit received on bank deposits	75,949	31,007
Markup received on investments	-	503
	<b>75,949</b>	<b>31,510</b>
<b>Net cash generated from / (used) in operations</b>	<b>44,203</b>	<b>(89,718)</b>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	1,776,835	751,305
Payments against redemption of units	(1,114,293)	(733,835)
Cash dividend paid	(57,817)	(37,837)
<b>Net cash generated from / (used in) financing activities</b>	<b>604,725</b>	<b>(20,367)</b>
<b>Net increase in cash and cash equivalents</b>	<b>648,928</b>	<b>(110,085)</b>
Cash and cash equivalents at beginning of the period	955,111	958,590
<b>Cash and cash equivalents at end of the period</b>	<b>1,604,039</b>	<b>848,505</b>

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

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

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

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

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

# **HBL Islamic Money Market Fund**

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

*For the six months period ended December 31, 2019*

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at 'par from May 9, 2011 to May 10, 2011.

The principal activity of the Fund is to seek high liquidity and comparative Shariah Compliant return for investors by investing in low risk securities of shorter duration and maturity.

VIS Credit Rating Agency has assigned management quality rating of 'AM2+' (Positive Outlook) to the Management Company and the fund stability rating of AA(f) to the Fund.

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

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

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

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

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2019.

	<i>Note</i>	<b>December 31, 2019</b>	June 30, 2019
		<b>(Rupees in '000)</b>	
<b>6. BANK BALANCES</b>			
Savings accounts	6.1	<u>1,604,039</u>	<u>955,111</u>
		<u><b>1,604,039</b></u>	<u><b>955,111</b></u>

6.1 This represents bank accounts held with different banks. Profit rates on these accounts range between 8.00% - 14.50% (June 30, 2019: 4.00% - 13.00%) per annum.

	<i>Note</i>	<b>December 31, 2019</b>	June 30, 2019
		<b>(Rupees in '000)</b>	
<b>7. INVESTMENTS</b>			
<b>Investments by category</b>			
<b>Financial asset at amortised cost</b>			
Commercial paper	7.1	<u>121,520</u>	<u>121,627</u>
		<u><b>121,520</b></u>	<u><b>121,627</b></u>

7.1 Commercial papers - at amortised cost

	Maturity Date	As at July 1, 2019	Placements made during the period	Income accrued	Matured / Sale during the period	As at December 31, 2019	Market value as a percentage of	
							Total investments of fund	Net Assets of fund
------(Rupees in '000)-----							------(%)-----	
K - Electric Limited	02-Sep-19	121,627	-	2,373	124,000	-	-	-
K - Electric Limited	28-Feb-20	-	46,382	2,465	-	48,847	40.20%	2.82%
K - Electric Limited	19-Mar-20	-	69,706	2,967	-	72,673	59.80%	4.20%
		<b>121,627</b>	<b>116,088</b>	<b>7,805</b>	<b>124,000</b>	<b>121,520</b>	<b>100.00%</b>	<b>7.02%</b>

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	December 31,	June 30,
		2019	2019
		(Rupees in '000)	
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepaid listing fee		228	9
Advance tax		710	-
		<b>1,038</b>	<b>109</b>

9. PAYABLE TO MANAGEMENT COMPANY		December 31,	June 30,
		2019	2019
		(Rupees in '000)	
Management Fee		1,243	1,014
Sindh Sales Tax		162	132
Allocation of expenses related to registrar services, accounting, operation and valuation services		168	101
Sales Load Payable		150	22
		<b>1,724</b>	<b>1,269</b>

10. ACCRUED EXPENSES AND OTHER LIABILITIES		December 31,	June 30,
		2019	2019
		(Rupees in '000)	
Auditors' remuneration		174	264
Federal Excise Duty	10.1	2,185	2,185
Withholding Tax Payable		-	3,282
Provision for Workers' Welfare Fund	10.2	5,500	3,933
Other payable		843	1,187
Capital Gain tax Payable		128	4,242
Dividend Payable		417	21,719
		<b>9,247</b>	<b>36,812</b>

10.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2019 aggregating to Rs. 2.185 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2019 would have been higher by Rs. 0.1287 per unit (June 30, 2019: 0.2101 per unit).

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10.2 PROVISION FOR WORKERS' WELFARE FUND

"The legal status of applicability of Worker's Welfare Fund (WWF) and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

The Fund has recognised provision for SWWF amounting to Rs. 1.567 million in these financial statements. Had the provision not being made, the net asset value per unit as at December 31, 2019 would have been higher by Rs. 0.0923 (June 30, 2019: Rs. 0.2183) per unit.

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019 except those disclosed already.

12. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2020 to its unit holders.

13. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

	<b>Half year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>	
<b>13.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee including sales tax thereon	<b>6,288</b>	4,233
Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>980</b>	464
Selling and marketing	<b>889</b>	-
Issue of units 2,423 units (2018: 652 units )	<b>244</b>	103
Redemption of nil units (2018: 28,597 units)	-	2,912
Dividend	<b>16</b>	-

		<b>Half year ended</b>	
		<b>December 31,</b>	
		<b>2019</b>	<b>2018</b>
		<b>(Rupees in '000)</b>	
<b>Habib Bank Limited - Sponsor</b>			
Profit on bank deposits earned		<b>32,010</b>	1,492
Issuance of units 111,438 (2018: 118,711 units)		<b>11,255</b>	11,969
Redemption of 111,438 units (2018: Nil units)		<b>11,255</b>	-
<b>Directors , Executives and key management personnel</b>			
Issue of 399,420 units (2018: 197,486 units)		<b>40,483</b>	20,531
Redemption of 331,632 units (2018: 3701 units)		<b>33,708</b>	385
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Trustee Remuneration		<b>474</b>	784
CDC service charges		<b>3</b>	4
<b>Connected person due to 10% holding or more</b>			
<b>Fauji Fertilizer Company Limited</b>			
Issue of 2,942,177 units (2018: Nil units)		<b>300,000</b>	-
		<b>December 31,</b>	<b>June 30,</b>
		<b>2019</b>	<b>2019</b>
		<b>(Rupees in '000)</b>	
<b>13.2</b>	<b>Amounts outstanding as at period end</b>		
<b>HBL Asset Management Limited - Management Company</b>			
Management fee		<b>1,243</b>	1,014
Sindh Sales Tax		<b>162</b>	132
Payable against allocation of expenses related to registrar services, accounting, operation and valuation services		<b>168</b>	101
Investment held in the Fund: 4,170 units (June 30, 2019: 1,748)		<b>425</b>	176
Sale Load Payable		<b>150</b>	22
<b>Habib Bank Limited - Sponsor</b>			
Investment held in the Fund: 2,240,000 units (June 30, 2019: 2,240,000 units)		<b>228,478</b>	226,233
Bank balances		<b>1,236,072</b>	7,510
Profit receivable		<b>14,001</b>	814
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Remuneration payable including sales tax thereon		<b>92</b>	156

	December 31, 2019	June 30, 2019
	(Rupees in '000)	
<b>Directors , Executives and key management personnel</b>		
Investment held in the Fund: 204,983 units (June 30, 2019: 137,318 units)	20,908	13,869
<b>Connected person due to holding 10% or more</b>		
<b>Fauji Fertilizer Company Limited</b>		
Investment held in the Fund: 2,942,177 units (June 30, 2019: Nil units)	300,099	-

#### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2019							
Note		Carrying amount			Fair Value				
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets not measured at fair value</b>		14.1							
	Bank balances	-	-	1,604,039	1,604,039				
	Commercial Paper	-	-	121,520	121,520				
	Accrued profit	-	-	16,426	16,426				
	Advances, deposits and other receivables	-	-	1,038	1,038				
		-	-	<b>1,743,023</b>	<b>1,743,023</b>				
<b>Financial liabilities not measured at fair value</b>		14.1							
	Payable to Management Company	-	-	1,724	1,724				
	Payable to Trustee	-	-	92	92				
	Accrued expenses and other liabilities	-	-	1,434	1,434				
		-	-	<b>3,250</b>	<b>3,250</b>				
		----- (Rupees in '000) -----							
		June 30, 2019							
Note		Carrying amount			Fair Value				
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>									
<b>Financial assets not measured at fair value</b>		14.1							
	Bank balances	-	-	955,111	955,111				
	Commercial Paper	-	-	121,627	121,627				
	Accrued profit	-	-	12,495	12,495				
	Advances, deposits and other receivables	-	-	109	109				
		-	-	<b>1,089,342</b>	<b>1,089,342</b>				
<b>Financial liabilities not measured at fair value</b>		14.1							
	Payable to Management Company	-	-	1,269	1,269				
	Payable to Trustee	-	-	156	156				
	Accrued expenses and other liabilities	-	-	23,170	23,170				
		-	-	<b>24,595</b>	<b>24,595</b>				

- 14.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 14.2 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

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15. TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2019 is 0.85% (December 31, 2018 : 0.67%) which includes 0.19% (December 31, 2018 : 0.09%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 13, 2020.

17. GENERAL

17.1 Figures have been rounded off to the nearest thousand Rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Asset Allocation Fund**

## FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



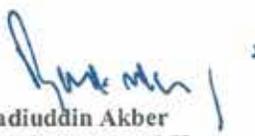
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC ASSET ALLOCATION FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Asset Allocation Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

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

Karachi, February 24, 2020







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

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

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Asset Allocation Fund** ("the Fund") as at 31 December 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the three months period ended 31 December 2019 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The interim financial information of the Fund for the six months period ended 31 December 2018 and financial statements for the year ended 30 June 2019 were reviewed and audited by another firm of auditors whose reports dated 11 February 2019 and 27 September 2019 expressed an unmodified conclusion and opinion thereon respectively.

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

**Date: 24 February 2020**

**Karachi**

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

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at December 31, 2019*

	(Un-Audited) December 31, 2019	(Audited) June 30, 2019
Note	----- (Rupees in '000) -----	
<b>Assets</b>		
Bank balances	6 <b>103,923</b>	273,417
Investments	7 <b>418,961</b>	1,029,001
Dividend receivable and accrued mark-up	<b>13,521</b>	18,232
Preliminary expenses and floatation costs	8 <b>210</b>	315
Advances, deposits and other receivables	9 <b>8,147</b>	35,821
Receivable against sale of investments	<b>2,873</b>	23,653
<b>Total assets</b>	<b>547,635</b>	1,380,439
<b>Liabilities</b>		
Payable to Management Company	10 <b>2,903</b>	3,504
Payable to Trustee	<b>183</b>	219
Payable to Securities and Exchange Commission of Pakistan	<b>102</b>	1,991
Accrued expenses and other liabilities	11 <b>10,157</b>	8,240
Payable against redemption of units	<b>75,000</b>	235,617
<b>Total liabilities</b>	<b>88,345</b>	249,571
<b>Net assets</b>	<b>459,290</b>	1,130,868
<b>Unit holders' fund (as per statement attached)</b>	<b>459,290</b>	1,130,868
<b>Contingencies and commitments</b>	12	
	(Number of units)	
<b>Number of units in issue</b>	<b>4,050,694</b>	10,950,716
	(Rupees)	
<b>Net assets value per unit</b>	<b>113.3854</b>	103.2688

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

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

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

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

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

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the six and three months period ended December 31, 2019*

	Six months period ended		Three months period ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
<b>Income</b>				
Net realised gain / (loss) on sale of investments	32,292	(9,816)	34,989	(11,046)
Dividend income	9,032	15,888	5,698	8,380
Return on investments calculated using effective yield method	32,521	36,943	14,746	21,236
Profit on deposits with banks calculated using effective yield method	18,272	36,092	10,500	18,586
Net Unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	21,210	(65,268)	39,876	(51,899)
	<b>113,327</b>	<b>13,839</b>	<b>105,809</b>	<b>(14,743)</b>
	<b>113,327</b>	<b>13,839</b>	<b>105,809</b>	<b>(14,743)</b>
<b>Expenses</b>				
Remuneration of Management Company	8,687	20,331	4,253	10,015
Remuneration of Trustee	1,149	1,925	569	952
Annual fee to Securities and Exchange Commission of Pakistan	102	1,140	50	561
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,474	1,199	1,253	590
Selling and marketing expenses	2,297	4,798	1,131	2,363
Auditors' remuneration	186	186	93	93
Amortisation of preliminary expenses and floatation costs	105	104	52	51
Settlement and bank charges	261	293	133	144
Fees and subscription	14	50	(47)	(30)
Securities transaction cost	926	923	662	606
Shariah advisory fee	102	100	102	100
	<b>16,303</b>	<b>31,049</b>	<b>8,251</b>	<b>15,446</b>
<b>Net income / (loss) from operating activities</b>	<b>97,024</b>	<b>(17,210)</b>	<b>97,558</b>	<b>(30,189)</b>
Provision for Sindh Workers' Welfare Fund	11.3	(1,940)	-	205
<b>Net income / (loss) for the period before taxation</b>	<b>95,084</b>	<b>(17,210)</b>	<b>95,618</b>	<b>(29,984)</b>
Taxation	13	-	-	-
<b>Net income / (loss) for the period after taxation</b>	<b>95,084</b>	<b>(17,210)</b>	<b>95,618</b>	<b>(29,984)</b>
<b>Allocation of net income for the period after taxation</b>				
Net income for the period after taxation	95,084	-	95,084	-
Income already paid on redemption of units	(55,984)	-	(55,984)	-
Accounting income available for distribution	<b>39,100</b>	<b>-</b>	<b>39,100</b>	<b>-</b>
<b>Accounting income available for distribution:</b>				
- Relating to capital gains	12,096	-	12,096	-
- Excluding capital gains	27,004	-	27,004	-
	<b>39,100</b>	<b>-</b>	<b>39,100</b>	<b>-</b>

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the six and three months period ended December 31, 2019*

	Six months period ended		Three months period ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	95,084	(17,210)	95,618	(29,984)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>95,084</b>	<b>(17,210)</b>	<b>95,618</b>	<b>(29,984)</b>

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

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

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

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

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



**HBL Islamic Asset Allocation Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the six months period ended December 31, 2019*

	2019	2018
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the period before taxation	95,084	(17,210)
<b>Adjustments</b>		
Net realised (gain) / loss on sale of investments	(32,292)	9,816
Profit on deposits with banks calculated using effective yield method	(18,272)	(36,092)
Return on investments calculated using effective yield method	(32,521)	(36,943)
Dividend income	(9,032)	(16,634)
Amortisation of preliminary expenses and floatation costs	105	104
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	(21,210)	65,268
	<b>(18,138)</b>	<b>(31,690)</b>
<b>Decrease / (increase) in assets</b>		
Investments	663,542	(550,114)
Advances, deposits, other receivables and receivable against sale of investments	48,454	2,324
	<b>711,996</b>	<b>(547,790)</b>
<b>(Decrease) / increase in liabilities</b>		
Payable to Management Company	(601)	(3,797)
Payable to Trustee	(36)	(27)
Payable to Securities and Exchange Commission of Pakistan	(1,889)	(1,428)
Accrued expenses and other liabilities	1,917	(1,996)
Payable against redemption of units	(160,617)	-
	<b>(161,226)</b>	<b>(7,248)</b>
<b>Net cash generated / (used) in operations</b>	<b>532,632</b>	<b>(586,728)</b>
Profit received on bank deposits	17,319	38,576
Dividend income received	12,121	18,389
Markup received on investments	35,096	28,769
<b>Net cash generated from / (used in) operating activities</b>	<b>597,168</b>	<b>(500,994)</b>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	32,058	53,083
Payment against redemption of units	(798,720)	(272,483)
<b>Net cash used in financing activities</b>	<b>(766,662)</b>	<b>(219,400)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(169,494)</b>	<b>(720,394)</b>
Cash and cash equivalents at beginning of the period	273,417	1,072,554
<b>Cash and cash equivalents at end of the period</b>	<b>103,923</b>	<b>352,160</b>

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

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

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

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

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

# **HBL Islamic Asset Allocation Fund**

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

*For the six months period ended December 31, 2019*

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

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

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2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2019.

6. BANK BALANCES	Note	December 31,	June 30
		2019	2019
(Rupees in '000)			
Savings accounts	6.1	<u>103,923</u>	<u>273,417</u>
		<u><b>103,923</b></u>	<u><b>273,417</b></u>

6.1 This represents bank accounts held with different banks. Profit rates on these accounts ranges between 5.00% - 13.50% per annum (June 30, 2019: 3.75% - 13.00%) per annum.

7. INVESTMENTS	Note	December 31, 2019	June 30, 2019
(Rupees in '000)			
<b>Investments by category</b>			
<b>At fair value through profit or loss</b>			
Listed equity securities:	7.1	135,511	319,086
Term finance certificates and sukuk bonds	7.2	240,632	516,166
		376,143	835,252
<b>Financial assets at amortised cost</b>			
Commercial paper	7.3	42,818	193,749
		418,961	1,029,001

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

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

Name of the Investee Company	As at July 01, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2019	Cost of holdings as at December 31, 2019	Market value as at December 31, 2019	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----				----- (Rupees in '000) -----		----- % -----			
<b>Automobiles Parts &amp; Accessories</b>										
Thal Limited (Rs. 5 each)	27,950	14,000	-	25,500	16,450	5,547	5,564	1.33%	1.21%	0.02%
	27,950	14,000	-	25,500	16,450	5,547	5,564	1.33%	1.21%	0.02%
<b>Cement</b>										
Kohat Cement Limited	93,070	-	-	76,500	16,570	870	1,282	0.31%	0.28%	0.01%
Lucky Cement Limited	34,250	17,000	-	35,000	16,250	6,165	6,961	1.66%	1.52%	0.01%
Maple Leaf Cement Factory Limited	-	150,000	-	150,000	-	-	-	-	-	-
	127,320	167,000	-	261,500	32,820	7,035	8,243	1.97%	1.80%	0.02%
<b>Chemicals</b>										
Engro Polymer & Chemicals Limited	391,431	215,000	-	488,500	117,931	3,201	3,916	0.93%	0.85%	0.01%
Lotte Chemical Pakistan Limited	110,000	290,000	-	400,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	8,800	3,500	-	200	12,100	3,554	3,611	0.86%	0.79%	0.06%
	510,231	508,500	-	888,700	130,031	6,755	7,527	1.79%	1.64%	0.07%
<b>Commercial Banks</b>										
Meezan Bank Limited	133,520	107,500	-	174,000	67,020	5,664	6,376	1.52%	1.39%	0.01%
	133,520	107,500	-	174,000	67,020	5,664	6,376	1.52%	1.39%	0.01%
<b>Engineering</b>										
International Steels Limited	-	35,000	-	35,000	-	-	-	-	-	-
	-	35,000	-	35,000	-	-	-	-	-	-
<b>Fertilizer</b>										
Engro Corporation Limited	115,140	2,000	-	77,900	39,240	10,464	13,548	3.23%	2.95%	0.01%
Engro Fertilizers Limited	208,500	76,000	-	218,000	66,500	4,316	4,883	1.17%	1.06%	0.00%
Fauji Fertilizer Company Limited	114,000	113,000	-	187,000	40,000	3,821	4,059	0.97%	0.88%	0.00%
	437,640	191,000	-	482,900	145,740	18,601	22,490	5.37%	4.89%	0.01%
<b>Glass &amp; Ceramics</b>										
Tariq Glass Industries Limited	-	20,000	-	20,000	-	-	-	-	-	-
	-	20,000	-	20,000	-	-	-	-	-	-
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited	27,214	1,500	2,421	24,140	6,995	6,368	9,165	2.19%	2.00%	0.01%
Oil & Gas Development Company Limited	309,500	84,300	-	290,000	103,800	13,198	14,773	3.53%	3.22%	0.00%
Pakistan Oilfields Limited	45,640	2,000	-	35,500	12,140	4,911	5,423	1.29%	1.18%	0.00%
Pakistan Petroleum Limited	235,660	136,000	51,932	314,000	109,592	12,485	15,029	3.59%	3.27%	0.00%
	618,014	223,800	54,353	663,640	232,527	36,962	44,390	10.60%	9.67%	0.01%

Name of the Investee Company	As at July 01, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2019	Cost of holdings as at December 31, 2019	Market value as at December 31, 2019	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----				----- (Rupees in '000) -----		----- % -----			
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	101,316	58,500	14,443	145,300	28,959	4,335	5,550	1.32%	1.21%	0.01%
Sui Northern Gas Pipelines Limited	104,800	66,000	-	136,000	34,800	2,284	2,651	0.63%	0.58%	0.01%
	<u>206,116</u>	<u>124,500</u>	<u>14,443</u>	<u>281,300</u>	<u>63,759</u>	<u>6,619</u>	<u>8,201</u>	<u>1.95%</u>	<u>1.79%</u>	<u>0.02%</u>
<b>Pharmaceuticals</b>										
AGP Limited	38,000	43,000	-	59,000	22,000	1,537	2,186	0.52%	0.48%	0.01%
The Searle Company Limited	40,217	20,000	-	46,100	14,117	2,152	2,664	0.64%	0.58%	0.01%
Highnoon Laboratories Limited	-	11,500	-	6,500	5,000	2,658	2,686	0.64%	0.58%	0.02%
	<u>78,217</u>	<u>74,500</u>	<u>-</u>	<u>111,600</u>	<u>41,117</u>	<u>6,347</u>	<u>7,536</u>	<u>1.80%</u>	<u>1.64%</u>	<u>0.04%</u>
<b>Power Generation &amp; Distribution</b>										
Hub Power Company Limited	385,387	75,500	-	338,500	122,387	9,542	11,425	2.73%	2.49%	0.01%
K - Electric Limited (Rs. 3.5 each)	1,605,500	364,000	-	1,313,000	656,500	2,820	2,869	0.68%	0.62%	0.00%
	<u>1,990,887</u>	<u>439,500</u>	<u>-</u>	<u>1,651,500</u>	<u>778,887</u>	<u>12,362</u>	<u>14,294</u>	<u>3.41%</u>	<u>3.11%</u>	<u>0.01%</u>
<b>Textile and Composite</b>										
Interloop Limited	201,250	25,000	-	179,000	47,250	2,076	2,743	0.65%	0.60%	0.01%
Nishat Mills Limited	87,600	64,400	-	113,300	38,700	3,303	4,108	0.98%	0.89%	0.01%
	<u>288,850</u>	<u>89,400</u>	<u>-</u>	<u>292,300</u>	<u>85,950</u>	<u>5,379</u>	<u>6,851</u>	<u>1.63%</u>	<u>1.49%</u>	<u>0.02%</u>
<b>Transport</b>										
Pakistan National Shipping Corporation	37,500	24,000	-	18,500	43,000	3,205	4,039	0.96%	0.88%	0.03%
	<u>37,500</u>	<u>24,000</u>	<u>-</u>	<u>18,500</u>	<u>43,000</u>	<u>3,205</u>	<u>4,039</u>	<u>0.96%</u>	<u>0.88%</u>	<u>0.03%</u>
<b>Total as at December 31, 2019</b>	<u><b>4,456,245</b></u>	<u><b>2,018,700</b></u>	<u><b>68,796</b></u>	<u><b>4,906,440</b></u>	<u><b>1,637,301</b></u>	<u><b>114,476</b></u>	<u><b>135,511</b></u>	<u><b>32.33%</b></u>	<u><b>29.51%</b></u>	<u><b>0.26%</b></u>

7.1.1 The above investments include shares with market value aggregating to Rs. 47.192 million (June 30, 2019: Rs. 49.362 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

7.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Previously due to amendments brought by the Finance Act, 2014 in the Income Tax Ordinance, 2001, the bonus shares received by the shareholders were to be treated as income and a tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax was to be collected at source by the investee company which was considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has already withheld the shares (from Tax Year 2014 to Tax Year 2018) equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.2514 million at December 31, 2019 (June 30, 2019: Rs. 0.1914 million) and not yet deposited on CDC account of department of Income tax while during the period no tax on bonus shares is being withheld by the investee company(s) due to the amendments brought by the Finance Act, 2018 in the Income Tax Ordinance, 2001 which excluded the requirement of tax on bonus shares. Management is of the view that the decision will be in favor of the asset management company and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

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

Name of the Investee Company	As at July 01, 2019	Purchases during the period	Sales / matured during the period	As at December 31, 2019	Amortised Cost as at December 31, 2019	Market value as at December 31, 2019	Market value as percentage of	
							Total investments	Net Assets
	------(Number of certificates)-----				------(Rupees in '000)-----		------%-----	
<b>Commercial Banks</b>								
Dubai Islamic Bank Pakistan Limited	124	-	-	124	124,000	124,124	29.63%	27.03%
	<b>124</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>124,000</b>	<b>124,124</b>	<b>29.63%</b>	<b>27.03%</b>
<b>Investment Company</b>								
Dawood Hercules Corporation Limited	2,110	-	1,250	860	75,300	75,066	17.92%	16.34%
	<b>2,110</b>	<b>-</b>	<b>1,250</b>	<b>860</b>	<b>75,300</b>	<b>75,066</b>	<b>17.92%</b>	<b>16.34%</b>
<b>Power Generation &amp; Distribution</b>								
Hub Power Company Limited	30,000	-	30,000	-	-	-	-	-
	<b>30,000</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Miscellaneous</b>								
International Brands Limited	100	-	-	100	8,553	8,442	2.01%	1.84%
Agha Steel Industries Limited	33	-	-	33	33,000	33,000	7.88%	7.19%
	<b>133</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>41,553</b>	<b>41,442</b>	<b>9.89%</b>	<b>9.03%</b>
<b>Total</b>	<b>32,367</b>	<b>-</b>	<b>31,250</b>	<b>1,117</b>	<b>240,853</b>	<b>240,632</b>	<b>57.44%</b>	<b>52.40%</b>

Significant terms and conditions of Term finance certificate and sukuk bonds outstanding as at December 31, 2019 are as follows

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
Agha Steel Industries Limited	1,000,000	3 months KIBOR +0.8%	9-Oct-18	9-Oct-24
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR + 0.50%	14-Jul-17	14-Jul-27
Dawood Hercules Corporation Limited	80,000	3 month KIBOR + 1.00 %	16-Nov-17	16-Nov-22
Dawood Hercules Corporation Limited	90,000	3 month KIBOR + 1.00 %	1-Mar-18	1-Mar-23
International Brands Limited	85,532	3 months KIBOR + 0.50%	15-Nov-17	15-Nov-21

## 7.3 Commercial papers - at amortised cost

Note	Maturity date	As at July 1, 2019	Placements made during the period	Income accrued	Matured / Sale during the period	As at December 31, 2019	Market value as a percentage of	
							Total investments of fund	Net Assets of fund
		------(Rupees in '000)-----					------(%)-----	
	July 15, 2019	101,516	-	484	102,000	-	-	-
	September 2, 2019	92,233	-	1,853	94,086	-	-	-
	February 28, 2020	-	27,841	1,425	29,266	-	-	-
	January 11, 2020	-	60,210	2,454	19,846	42,818	10.22%	9.32%
		<b>193,749</b>	<b>88,051</b>	<b>6,216</b>	<b>245,198</b>	<b>42,818</b>	<b>10.22%</b>	<b>9.32%</b>

## 8. PRELIMINARY EXPENSES AND FLOATATION COSTS

	Note	December 31, 2019 (Rupees in '000)	June 30, 2019
Opening balance		315	525
Less: amortised during the period	8.1	(105)	(210)
Closing balance		<b>210</b>	<b>315</b>

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

9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	December 31, 2019	June 30, 2019
(Rupees in '000)			
Security deposit with National Clearing Company of Pakistan Limited (NCCPL)		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance against TFCs and commercial paper	9.1	5,350	33,221
Prepaid listing fee		14	-
Advance Tax		183	-
		<b>8,147</b>	<b>35,821</b>

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

10. PAYABLE TO THE MANAGEMENT COMPANY		December 31, 2019	June 30, 2019
(Rupees in '000)			
Management fee		1,158	1,677
Sindh Sales Tax		151	218
Sales load payable		79	-
Selling and marketing expenses payable		1,129	1,497
Allocation of expenses related to registrar services, accounting, operation and valuation services		386	112
		<b>2,903</b>	<b>3,504</b>

#### 11. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		184	276
Charity payable	11.1	640	1,353
Federal Excise Duty	11.2	1,063	1,063
Withholding tax payable		819	4
Payable to brokers		386	306
Provision for Workers' Welfare Fund	11.3	6,607	4,667
Dividend payable		25	25
Payable to NCCPL		30	35
Payable to Shariah advisor		17	17
Other payable		386	494
		<b>10,157</b>	<b>8,240</b>

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

11.2 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2019 aggregating to Rs. 1.063 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2019 would have been higher by Rs. 0.2625 per unit (June 30, 2019: 0.0971 per unit).

### 11.3 PROVISION FOR WORKERS' WELFARE FUND

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

The Fund has recognised provision for SWWF amounting to Rs. 1.940 million in these financial statements. Had the provision not being made, the net asset value per unit as at December 31, 2019 would have been higher by Rs. 1.63 (June 30, 2019: Rs. 0.43) per unit.

## 12. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019 except those disclosed already.

## 13. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2020 to its unit holders.

## 14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

14.1 Transactions during the period	Half year ended December 31, 2019	Half year ended December 31, 2018
	(Rupees in '000)	
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	7,688	17,992
Sindh Sales Tax	999	2,339
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,474	1,199
Selling and marketing expense	2,297	4,798
<b>Habib Bank Limited - Sponsor</b>		
Issue of units: Nil (December 31, 2018 : 17,355)	-	1,807
Redemption of units: 2,432,285 (December 31, 2018: Nil)	275,000	-
Bank charges	9	22
Profit earned during the period	237	190
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	1,149	1,925
CDC Charges	26	32
<b>HBL Asset Management Ltd Employees Gratuity Fund</b>		
Issue of units : Nil	-	1
<b>HBL Asset Management Ltd Employees Provident Fund</b>		
Issue of units : Nil	-	4
<b>HBL Cash Fund</b>		
Sale of The HUB Power Company Limited Sukuks : 20,000 units	101,404	-
Sale of K-Electric Limited Commercial Papers : 30 units	29,188	-
<b>HBL Income Fund</b>		
Sale of TPL Corporation Limited Commercial Papers : 20 units	19,844	-

14.2	Amounts outstanding as at period end	(Un-Audited) December 31, 2019 (Rupees in '000)	(Audited) June 30, 2019
	<b>HBL Asset Management Limited - Management Company</b>		
	Management Fee	1,158	1,677
	Sindh Sales Tax	151	218
	Sales load payable	79	-
	Allocation of expenses related to registrar services, accounting, operation and valuation services	386	112
	Charging of selling and marketing expenses	1,129	1,497
	<b>Habib Bank Limited - Sponsor</b>		
	Investment held in the Fund : 1,860,259 units (June 30, 2019: 4,292,544 units)	210,926	443,286
	Bank balances	3,518	4,775
	Profit receivable on deposits with banks	34	16
	<b>HBL Asset Management Limited - Employees Gratuity Fund - Associate</b>		
	Investment held in the Fund : 4,521 units (June 30, 2019: 4,521 units)	513	467
	<b>HBL Asset Management Limited - Employees Provident Fund - Associate</b>		
	Investment held in the Fund : 13,051 units (June 30, 2019 : 13,051 units)	1,480	1,348
	<b>Central Depository Company of Pakistan Limited - Trustee</b>		
	Remuneration payable	162	194
	Sindh Sales Tax	21	25
	Security deposit	100	100

## 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2019							
		Carrying Amount			Fair Value				
Note		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in'000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Listed equity securities	135,511	-	-	135,511	135,511	-	-	135,511
	Term finance certificates and sukuk bonds	240,632	-	-	240,632	-	240,632	-	240,632
		<u>376,143</u>	<u>-</u>	<u>-</u>	<u>376,143</u>				
	<b>Financial assets not measured at fair value</b>	15.1							
	Bank balances	-	-	103,923	103,923				
	Commercial paper	-	-	42,818	42,818				
	Dividend receivable and accrued markup	-	-	13,521	13,521				
	Advances, deposits and other receivables	-	-	8,133	8,133				
		<u>-</u>	<u>-</u>	<u>168,395</u>	<u>168,395</u>				
	<b>Financial liabilities not measured at fair value</b>	15.1							
	Payable to Management Company	-	-	2,752	2,752				
	Payable to Trustee	-	-	162	162				
	Accrued expenses and other liabilities	-	-	1,668	1,668				
		<u>-</u>	<u>-</u>	<u>4,582</u>	<u>4,582</u>				
		June 30, 2019							
		Carrying Amount			Fair Value				
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in'000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Listed equity securities	319,086	-	-	319,086	319,086	-	-	319,086
	Term finance certificates and sukuk bonds	516,166	-	-	516,166	-	516,166	-	516,166
		<u>835,252</u>	<u>-</u>	<u>-</u>	<u>835,252</u>				
	<b>Financial assets not measured at fair value</b>								
	Commercial Paper	-	-	193,749	193,749				
	Bank balances	-	-	273,417	273,417				
	Dividend receivable and accrued mark-up	-	-	18,232	18,232				
	Advances, deposits and other receivables	-	-	33,221	33,221				
	Receivable against sale of investments	-	-	23,653	23,653				
		<u>-</u>	<u>-</u>	<u>542,272</u>	<u>542,272</u>				
	<b>Financial liabilities not measured at fair value</b>	15.1							
	Payable to Management Company	-	-	3,286	3,286				
	Payable to Trustee	-	-	2,506	2,506				
	Accrued expenses and other liabilities	-	-	235,617	235,617				
		<u>-</u>	<u>-</u>	<u>241,409</u>	<u>241,409</u>				

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

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

16. TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2019 is 1.79% (December 31, 2018 : 1.30%) which includes 0.31% (December 31, 2018 : 0.15%) representing government levy, Sindh Worker's Welfare Fund and SECP fee. As per S.R.O 639 (I)/2019, the limit towards expense ratio has been revised from 4.00% to 4.50% for Equity, Balanced, Asset Allocation and Capital protected (dynamic asset allocation-direct exposure).

17. NON COMPLIANT INVESTMENTS DISCLOSURE

<b>Instruments / Banker</b>	<b>Type of investment / exposure</b>	<b>Carrying value (Rupees in '000)</b>	<b>Limits %</b>	<b>Exposure as percentage of net assets %</b>
Dubai Islamic Bank Pakistan Limited	Sukuk	124,124	15.00	27.03
Dawood Hercules Corporation Limited	Sukuk	75,066	15.00	16.34

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

18. 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 period.

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 13, 2020.

20. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Stock Fund**

## FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



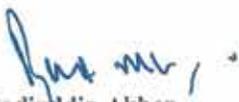
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC STOCK FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

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

Karachi, February 24, 2020



## **Auditors' report to the unit holders on review of Condensed Interim Financial Information**

### **Introduction**

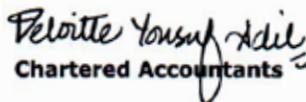
We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Stock Fund** (the Fund) as at December 31, 2019, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2019 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

### **Scope of Review**

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

### **Conclusion**

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

  
Chartered Accountants

**Engagement Partner**  
Hena Sadiq

**Date:** February 25, 2020  
**Place:** Karachi

**HBL Islamic Stock Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at December 31, 2019*

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- Rupees in '000 -----	
<b>Assets</b>			
Bank balances	4	52,454	55,650
Investments	5	669,279	585,604
Dividend and profit receivable		381	2,347
Advances and deposits		3,537	3,521
Receivable against sale of equity instruments		-	10,033
<b>Total assets</b>		<b>725,651</b>	<b>657,155</b>
<b>Liabilities</b>			
Payable to the Management Company	6	2,599	2,202
Payable to the Trustee		131	120
Payable to Securities and Exchange Commission of Pakistan		60	1,917
Accrued expenses and other liabilities	7	17,581	17,755
<b>Total liabilities</b>		<b>20,371</b>	<b>21,994</b>
<b>Net assets</b>		<b>705,280</b>	<b>635,161</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>705,280</b>	<b>635,161</b>
<b>Contingencies and commitments</b>	13		
		----- Number of units -----	
<b>Number of units in issue</b>		<b>6,375,813</b>	<b>6,957,434</b>
		----- Rupees -----	
<b>Net assets value per unit</b>		<b>110.6179</b>	<b>91.2924</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

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

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

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

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

**HBL Islamic Stock Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the half year ended December 31, 2019*

	Note	Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
----- Rupees in '000 -----					
<b>Income</b>					
Dividend income		16,617	54,639	9,534	28,875
Profit on bank deposits		2,780	14,890	1,256	7,398
Capital gain /(loss) on sale of investments - net		10,884	(36,803)	17,275	(37,781)
		<b>30,281</b>	<b>32,726</b>	<b>28,065</b>	<b>(1,508)</b>
Net unrealised gain / (loss) on re-measurement of investments classified at fair value through profit or loss - held-for-trading		94,949	(207,334)	129,713	(171,018)
		<b>125,230</b>	<b>(174,608)</b>	<b>157,778</b>	<b>(172,526)</b>
<b>Expenses</b>					
Remuneration of the Management Company		6,458	28,764	3,541	14,019
Remuneration of the Trustee		675	2,008	354	905
Annual fee to Securities and Exchange Commission of Pakistan		60	1,209	32	589
Selling and marketing expenses		2,196	5,091	1,175	2,481
Allocation of expenses related to registrar services, accounting, operation and valuation services		762	1,273	252	621
Securities transaction costs		1,274	3,840	786	2,394
Auditors' remuneration		188	178	129	89
Settlement and bank charges		279	462	146	292
Other expenses		113	125	59	64
		<b>12,005</b>	<b>42,950</b>	<b>6,474</b>	<b>21,454</b>
		<b>113,225</b>	<b>(217,558)</b>	<b>151,304</b>	<b>(193,980)</b>
Provision for Sindh Workers' Welfare Fund	7.2	(2,264)	-	(2,264)	-
<b>Net Income / (loss) for the period before taxation</b>		<b>110,960</b>	<b>(217,558)</b>	<b>149,039</b>	<b>(193,980)</b>
Taxation	8	-	-	-	-
<b>Net income/ (loss) for the period after taxation</b>		<b>110,960</b>	<b>(217,558)</b>	<b>149,039</b>	<b>(193,980)</b>
<b>Allocation of net income for the period</b>					
Income already paid on redemption of units		8,085	-	8,085	-
Accounting income available for distribution:					
- Relating to capital gains		98,975	-	140,130	-
- Excluding capital gains		3,901	-	824	-
		<b>102,875</b>		<b>140,954</b>	
		<b>110,960</b>	<b>(217,558)</b>	<b>149,039</b>	<b>(193,980)</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

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

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

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

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

## HBL Islamic Stock Fund

### Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the half year ended December 31, 2019

	Half year ended		Quarter ended,	
	December 31,		December 31,	
	2019	2018	2019	2018
	----- Rupees in '000 -----			
Net income/ (loss) for the period after taxation	110,960	(217,558)	149,039	(193,980)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>110,960</b>	<b>(217,558)</b>	<b>149,039</b>	<b>(193,980)</b>

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

For HBL Asset Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

**HBL Islamic Stock Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the half year ended December 31, 2019*

	2019		Half year ended December 31,				2018	
	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	
	Note ----- (Rupees in '000) -----							
Net assets at beginning of the period	951,824	(316,663)	635,161	2,580,952	(40,603)	1,593	2,541,942	
Adoption of IFRS - 09						1,593	(1,593)	-
Issue of units 3,026,429 (2018: 3,109,701 units)								
- Capital value (at net asset value per unit at the beginning of the period)	276,290	-	276,290	347,750	-	-	347,750	
- Element of income	25,884	-	25,884	4,652	-	-	4,652	
Total proceeds on issuance of units	302,174	-	302,174	352,402	-	-	352,402	
Redemption of 3,608,051 units (2018: 3,901,983 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(329,389)	-	(329,389)	(436,349)	-	-	(436,349)	
- Amount paid out of element of income relating to net income for the year after taxation	(5,542)	(8,085)	(13,627)	(2,819)	-	-	(2,819)	
Total payments on redemption of units	(334,931)	(8,085)	(343,016)	(439,169)	-	-	(439,169)	
Total comprehensive income for the period	-	110,960	110,960	-	(217,558)	-	(217,558)	
Net assets at end of the period	919,067	(213,788)	705,280	2,494,185	(256,568)	1,593	2,237,617	
Undistributed income brought forward								
- Realised		(208,097)			6,041			
- Unrealised		(108,566)			(46,644)			
		(316,663)			(40,603)			
Accounting income available for distribution:								
- Relating to capital gains		98,975						
- Excluding capital gains		3,901						
		102,875			(217,558)			
Adoption of IFRS - 09		-			1,593			
Distribution during the period		-			-			
Accumulated loss carried forward		(213,788)			(256,568)			
Accumulated loss carried forward								
- Realised		(308,737)			(51,167)			
- Unrealised		94,949			(205,401)			
		(213,788)			(256,568)			
			Rupees				Rupees	
Net assets value per unit at beginning of the period			91.2924				111.8276	
Net assets value per unit at end of the period			110.6179				101.9945	

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Islamic Stock Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the half year ended December 31, 2019*

	Half year ended December 31,	
	2019	2018
Note	----- Rupees in '000 -----	
<b>Cash flows from operating activities</b>		
Net income/ (loss) for the period after taxation	110,960	(217,558)
<b>Adjustments</b>		
Dividend Income	(16,617)	(57,251)
Profit on bank deposits	(2,780)	(14,890)
Capital loss during the period	(10,884)	36,803
Unrealised gain/(loss) on re-measurement of investments classified at fair value through profit or loss - held-for-trading	(94,949)	207,334
	<b>(14,270)</b>	<b>(45,562)</b>
<b>(Increase) / decrease in assets</b>		
Investments - net	22,158	42,593
Receivable against sale of investments	10,033	-
Deposits and other receivable	(16)	(49)
	<b>32,175</b>	<b>42,544</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	397	(2,099)
Payable to the Trustee	11	(4)
Payable to Securities and Exchange Commission of Pakistan	(1,857)	(407)
Payable against conversion and redemption of units	-	(265,094)
Accrued expenses and other liabilities	(174)	(3,802)
	<b>(1,623)</b>	<b>(271,406)</b>
<b>Net cash generated / (used in) from operations</b>	<b>16,282</b>	<b>(274,424)</b>
Dividend received	18,463	60,964
Profit received on bank deposits	2,901	13,745
	<b>21,364</b>	<b>74,709</b>
<b>Cash flows from financing activities</b>		
Amount received on issue of units	302,174	352,402
Payment against redemption of units	(343,016)	(439,169)
<b>Net cash used from financing activities</b>	<b>(40,842)</b>	<b>(86,767)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,196)</b>	<b>(286,482)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>55,650</b>	<b>618,133</b>
<b>Cash and cash equivalents at end of the period</b>	<b>52,454</b>	<b>331,651</b>

4

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.

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

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

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

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

# **HBL Islamic Stock Fund**

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

*For the half year ended December 31, 2019*

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

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

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

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

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

VIS Credit Rating Company has assigned a management quality rating of AM2+' ( Positive Outlook) to the Management Company.

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

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

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

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 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**

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

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### 2.3 Functional and presentation currency

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

### 2.4 DIRECTOR'S NOTE

The directors of the Management Company declare that this condensed interim financial information give a true and fair view of the Fund.

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

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

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

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2019.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial statements

3.5 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2019.

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	(Rupees in '000)	
<b>4. BANK BALANCES</b>			
Balances with banks in:			
Savings accounts	4.1	<u>52,454</u>	<u>55,650</u>
		<u>52,454</u>	<u>55,650</u>

4.1 The balance in savings accounts carry expected profit which ranges from 5% to 13.50% (June 30, 2019: 6% - 13.5%) per annum.

		(Un-Audited) December 31, 2019 (Rupees in '000)	(Audited) June 30, 2019
<b>5. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
- Listed equity securities	5.1	<b>669,279</b>	585,604
		<b>669,279</b>	585,604

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

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

Name of the Investee Company	As at July 01, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2019	Market value as at December 31, 2019 Rupees in '000'	Market value as a		Par value as a percentage of issued capital of the investee company
							Total Investments	Net Assets	
----- Number of shares -----							%		%
<b>INVESTMENT BANKS/COs./SECURITIES</b>									
Dawood Hercules Corporation Ltd	63,900	-	-	63,900	-	-	0.00%	0.00%	0.00%
<b>TEXTILE COMPOSITE</b>									
Interloop Limited	385,250	59,000	-	210,000	234,250	13,598	2.03%	1.93%	2.69%
Nishat Mills Limited	163,800	143,500	-	114,600	192,700	20,453	3.06%	2.90%	0.05%
	549,050	202,500	-	324,600	426,950	34,051			
<b>CEMENT</b>									
Kohat Cement Ltd	172,690	27,500	-	111,500	88,690	6,865	1.03%	0.97%	0.07%
Lucky Cement Ltd	59,550	50,500	-	25,300	84,750	36,307	5.42%	5.15%	0.03%
Maple Leaf Cement Factory Ltd	-	275,000	-	275,000	-	-	0.00%	0.00%	0.00%
	232,240	353,000	-	411,800	173,440	43,172			
<b>COMMERCIAL BANK</b>									
Meezan Bank Limited	286,740	119,000	-	106,500	299,240	28,467	4.25%	4.04%	0.03%
<b>Glass and ceramics</b>									
Tariq Glass Limited	-	38,000	-	38,000	-	-	0.00%	0.00%	-
	-	38,000	-	38,000	-	-			-
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited	732,441	250,000	-	354,500	627,941	58,618	8.76%	8.31%	0.05%
K-Electric Limited -	2,955,000	1,325,000	-	960,000	3,320,000	14,508	2.17%	2.06%	0.01%
	3,687,441	1,575,000	-	1,314,500	3,947,941	73,127			
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Mari Petroleum Company Limited	51,681	10,000	4,198	27,140	38,739	50,752	7.58%	7.20%	0.04%
Oil and Gas Development Company Limited	504,300	253,500	-	197,100	560,700	79,799	11.92%	11.31%	0.01%
Pakistan Oilfields Limited	87,770	11,000	-	29,400	69,370	30,989	4.63%	4.39%	0.03%
Pakistan Petroleum Limited	380,655	316,200	91,731	251,500	537,086	73,656	11.01%	10.44%	0.03%
	1,024,406	590,700	95,929	505,140	1,205,895	235,196			

Name of the Investee Company	As at July 01, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2019	Market value as at December 31, 2019 Rupees in '000'	Market value as a		Par value as a percentage of issued capital of the investee company
							Total Investments	Net Assets	
----- Number of shares -----						----- % -----		----- % -----	
<b>FERTILIZERS</b>									
Engro Corporation Limited	204,980	70,100	-	86,800	188,280	65,004	9.71%	9.22%	0.04%
Engro Fertilizer Limited	397,000	288,000	-	343,500	341,500	25,076	3.75%	3.56%	0.03%
Fauji Fertilizer Co Limited	277,500	259,900	-	336,000	201,400	20,436	3.05%	2.90%	0.02%
	879,480	618,000	-	766,300	731,180	110,516			
<b>CHEMICALS</b>									
Engro Polymer & Chemicals Ltd	702,066	582,000	-	467,500	816,566	27,118	4.05%	3.85%	0.09%
Lotte Chemical Pakistan Ltd	204,000	630,500	-	834,500	-	-	0.00%	0.00%	0.00%
Sitara Chemical Industries Limited	24,700	5,800	-	5,200	25,300	7,551	1.13%	1.07%	0.12%
	930,766	1,218,300	-	1,307,200	841,866	34,669			
<b>PHARMACEUTICALS</b>									
Abbott Laboratories (Pak) Ltd	-	16,500	-	16,500	-	-			
AGP Limited	50,750	94,000	-	37,500	107,250	10,655	1.59%	1.51%	0.00%
Highnoon Laboratories Limited	-	18,200	-	-	18,200	9,778	1.46%	1.39%	0.00%
The Searle Company Ltd	42,124	55,300	-	29,000	68,424	12,914	1.93%	1.83%	0.04%
	92,874	184,000	-	83,000	193,874	33,348			
<b>TRANSPORT</b>									
Pakistan National Shipping Corp Ltd	56,000	67,500	-	28,000	95,500	8,970	1.34%	1.27%	0.07%
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>									
Thal Limited (par value of Rs. 5 each)	53,050	32,000	-	26,000	59,050	19,972	2.98%	2.83%	0.07%
	53,050	32,000	-	26,000	59,050	19,972			
<b>OIL AND GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited	183,580	84,500	27,416	146,000	149,496	28,649	4.28%	4.06%	0.05%
Sui Northern Gas Pipeline Limited	178,300	98,000	-	63,000	213,300	16,247	2.43%	2.30%	0.03%
	361,880	182,500	27,416	209,000	362,796	44,896			
<b>TECHNOLOGY &amp; COMMUNICATION</b>									
Systems Limited	-	10,000	-	10,000	-	-	0.00%	0.00%	0.00%
	-	10,000	-	10,000	-	-			
<b>ENGINEERING</b>									
International Steels Limited	-	180,000	-	130,000	50,000	2,895	0.43%	0.41%	0.01%
	-	180,000	-	130,000	50,000	2,895			
<b>Grand total</b>	<b>8,217,827</b>	<b>5,370,500</b>	<b>123,345</b>	<b>5,323,940</b>	<b>8,387,732</b>	<b>669,279</b>			
<b>Cost of investments at December 31, 2019</b>						<b>574,330</b>			

**5.1.1** Investments include shares having market value aggregating to Rs. 78.274 million (June 30, 2019, 53.928 million ) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

**5.1.2** These includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.508 million at December 31, 2019 (June 30, 2019: Rs. 0.388 million ) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	(Rupees in '000)	
<b>6. PAYABLE TO MANAGEMENT COMPANY</b>			
Management fee		1,160	1,065
Sindh Sales Tax on Management Company's remuneration		151	139
Sales load payable		20	20
Selling and marketing payable		1,175	925
Allocation of expenses related to registrar services, accounting, operation and valuation services		93	53
		<b>2,599</b>	<b>2,202</b>
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Federal Excise Duty	7.1	6,785	6,785
Provision for Sindh Workers' Welfare Fund	7.2	8,577	6,312
Charity payable	7.3	1,176	3,882
Withholding tax payable		2	143
Auditors' remuneration		186	263
Payable to brokers		468	184
Others		387	186
		<b>17,581</b>	<b>17,755</b>

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

In view of above, the Management Company, as a matter of prudence, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.785 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2019 would have been higher by Rs. 1.0642 per unit (June 30, 2019: 0.98 per unit).

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

As there is income for the half year ended December 31, 2019, therefore, a provision of 8.577 million for SWWF has been recognised in this condensed interim financial information. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2019 would have been higher by Rs. 1.3452 per unit (June 30, 2019: 0.9702 per unit).

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

## **8. TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

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

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

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

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

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

	<b>Half year ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>	
<b>9.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee including sales tax thereon	<b>6,458</b>	28,764
Allocation of expenses related to registrar services, accounting, operation and valuation services	<b>762</b>	1,273
Selling and marketing expenses	<b>2,196</b>	5,091
Redemption of 164,082 units (2018: Nil)	<b>15,176</b>	-

	Half year ended	
	December 31,	
	2019	2018
	----- (Rupees in '000) -----	
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	16	27
Bank profit	320	346
<b>Executives and their relatives</b>		
Issue of 75,274 units (2018: 3,264 units)	6,928	355
Redemption 122,692 (2018: 15,834 units)	12,355	1,739
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	675	2,008
Central Depository services charges	35	119
<b>HBL Islamic Financial Planning Fund Active Allocation Plan - Associate</b>		
Issue of 22,212 units (2018: 3,600 units)	1,933	400
Redemption of 226,956 units (2018: 230,574 units)	21,503	25,370
<b>HBL Islamic Financial Planning Fund Strategic Allocation Plan - Associate</b>		
Issue of nil units (2018: 865,348 units)	-	100,000
Redemption of nil units (2018: 30,844 units)	-	3,365
<b>HBL Islamic Financial Planning Fund Conservative Allocation Plan - Associate</b>		
Issue of 6,980 units (2018: 1,003 units)	578	105
Redemption of 9,700 units (2018: 3,358 units)	850	370
<b>IGI Life Insurance-TBF</b>		
Issue of 120,742 units (2018: Nil units)	13,000	-
<b>IGI Life Insurance-TAF</b>		
Issue of 74,303 units (2018: units)	8,000	-

	(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees in '000) -----	
<b>9.2 Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee	1,160	1,065
Sindh Sales Tax on Management Company's remuneration	151	139
Sales load payable	20	20
Selling and marketing payable	1,175	925
Allocation of expenses related to registrar services, accounting, operation and valuation services	93	53
Investment held in the Fund Nil units (June 30, 2019 : 164,082 units)	-	14,979
<b>Habib Bank Limited - Sponsor</b>		
Investment held in the Fund 2,539,414 units (June 30, 2019: 2,539,414 units)	280,905	231,829
Bank balances	854	7,006
Profit receivable	69	19
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable including sales tax thereon	131	120
Security deposit	100	100
<b>Executives and their relatives</b>		
Investment held in the Fund : 1,881 units (June 30, 2019: 49,299 units)	208	4,501
<b>HBL Islamic Financial Planning Fund Active Allocation Plan - Associate</b>		
Investment held in the Fund : 188,346 units (June 30, 2019: 393,090 units)	20,834	35,886
<b>HBL Islamic Financial Planning Fund Strategic Allocation Plan - Associate</b>		
Investment held in the Fund : Nil units (June 30, 2019: Nil units)	-	-
<b>HBL Islamic Financial Planning Fund Conservative Allocation Plan - Associate</b>		
Investment held in the Fund : Nil units (June 30, 2019: 2,721 units)	-	248
<b>IGI Life Insurance-TBF</b>		
Investment held in the fund: 936,451 units (June 30, 2019: 815,709 units)	103,588	74,468
<b>IGI Life Insurance-TAF*</b>		
Investment held in the fund: 705,793 units (June 30, 2019: Nil units)	78,073	-

\* Prior period balances with these parties has not been disclosed as they were not connected person and related parties during prior periods.

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2019 (Un-audited)						
		Carrying amount			Fair Value			
		At Fair value through Profit and	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	5	669,279	-	-	669,279	-	-	669,279
<b>Financial assets not measured at fair value</b>								
10.1								
Bank balances		-	52,454	52,454	-	-	-	-
Dividend and profit receivable		-	381	381	-	-	-	-
Advances and deposits		-	2,600	2,600	-	-	-	-
		-	55,435	55,435	-	-	-	-

December 31, 2019 (Un-audited)							
Carrying amount				Fair Value			
	At Fair value through Profit and loss	At Amortise cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)						
<b>Financial liabilities not measured at fair value</b>	10.1						
Payable to the Management Company	-	2,599	2,599	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan	-	60	60	-	-	-	-
Payable to the Trustee	-	131	131	-	-	-	-
Accrued expenses and other liabilities	-	2,217	2,217	-	-	-	-
	-	5,007	5,007	-	-	-	-
June 30, 2019 (Audited)							
Carrying amount				Fair Value			
	At Fair value through Profit and loss	At Amortise cost	Total	Level 1	Level 2	Level 3	Total
Note	(Rupees in '000)						
<b>Financial assets measured at fair value</b>	10.1						
Investments							
- Listed equity securities	585,604	-	585,604	585,604	-	-	585,604
	585,604	-	585,604	585,604	-	-	585,604
<b>Financial assets not measured at fair value</b>	10.1						
Bank balances	-	55,650	55,650	-	-	-	-
Dividend and profit receivable	-	2,347	2,347	-	-	-	-
	-	57,997	57,997	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Payable to the Management Company	-	2,063	2,063	-	-	-	-
Payable to the Trustee	-	106	106	-	-	-	-
Accrued expenses and other liabilities	-	4,507	4,507	-	-	-	-
	-	6,676	6,676	-	-	-	-

**10.1** 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.

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

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**11. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2019 is 2.41% (December 31, 2018 : 1.7%), which includes 0.53% (December 31, 2018 : 0.19%) representing government levy, Worker's Welfare Fund and SECP fee.

**12. DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 13, 2020 .

**13.** There are no contingencies and commitments at June 30, 2019 and December 31, 2019.

**14. GENERAL**

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

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

**14.3** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures presented in condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Income Fund**

## FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

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

Karachi, February 26, 2020





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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL ISLAMIC INCOME FUND ("the Fund") as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures for the quarter ended December 31, 2019 and December 31, 2018 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 13 FEB 2020

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Raheel Shahnawaz

BDO Ebrahim & Co. Chartered Accountants

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

**HBL Islamic Income Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*AS AT DECEMBER 31, 2019*

		December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	4	833,300	2,164,208
Investments	5	655,613	888,593
Profit receivable		25,751	76,919
Receivable against sale of investments		2,020	-
Deposits and prepayments		7,692	7,798
<b>TOTAL ASSETS</b>		<u>1,524,375</u>	<u>3,137,518</u>
<b>LIABILITIES</b>			
Payable to the Management Company	6	3,541	7,001
Payable to the Trustee	7	104	407
Payable to Securities and Exchange Commission of Pakistan	8	164	3,049
Dividend payable		33	199
Payable against redemption of units		98,955	3,864
Accrued expenses and other liabilities	9	16,326	19,513
<b>TOTAL LIABILITIES</b>		<u>119,123</u>	<u>34,033</u>
<b>NET ASSETS</b>		<u>1,405,253</u>	<u>3,103,485</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>1,405,253</u>	<u>3,103,485</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	----- (Number of units) -----	
<b>Number of units in issue</b>		<u>13,108,323</u>	<u>30,579,719</u>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<u>107.2031</u>	<u>101.4883</u>

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

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

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

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

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

**HBL Islamic Income Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the Half Year and Quarter Ended December 31, 2019*

	Note	Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
(Rupees in '000)					
<b>Income</b>					
Capital gain / (loss) on sale of investments - net		602	(113)	814	75
Income from corporate sukuk bonds		48,280	67,331	22,649	36,764
Income from placements		7,542	35,515	6,384	21,391
Profit on bank deposits		58,572	62,897	27,951	27,206
		114,996	165,630	57,798	85,436
Unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net		(7,090)	(1,152)	(7,362)	(4,278)
		107,906	164,478	50,436	81,158
<b>Expenses</b>					
Remuneration of the Management Company	6.1	9,473	17,530	5,698	8,854
Sindh Sales Tax on remuneration of the Management Company	6.2	1,232	2,279	741	1,151
Remuneration of the Trustee	7.1	616	2,141	309	1,030
Sindh Sales Tax on remuneration of the Trustee	7.2	80	278	40	134
Annual fee to Securities and Exchange Commission of Pakistan	8.1	164	1,511	82	720
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	1,234	2,014	411	959
Selling and marketing expense	6.4	3,295	3,352	822	1,919
Amortisation of preliminary expenses and flotation costs		-	412	-	206
Auditors' remuneration		119	119	60	60
Fees and subscription		133	133	42	29
Security transaction costs and settlement		145	442	51	51
Bank charges		171	126	2	126
Shariah advisory charges		107	104	53	71
		16,769	30,441	8,311	15,310
<b>Net income for the period from operating activities</b>		91,137	134,037	42,125	65,848
Provision for Sindh Workers' Welfare Fund	9.2	(1,823)	(2,681)	(839)	(1,797)
<b>Net income for the period before taxation</b>		89,314	131,356	41,286	64,051
Taxation	11	-	-	-	-
<b>Net income for the period after taxation</b>		89,314	131,356	41,286	64,051
<b>Allocation of net income for the period</b>					
Income already paid on redemption of units		35,015	30,501	22,794	25,978
Accounting income available for distribution:					
Relating to capital gains		-	-	58	-
Excluding capital gains		54,299	100,855	18,378	38,073
		54,299	100,855	18,492	38,073
		89,314	131,356	41,286	64,051
<b>Earnings per unit</b>	12				

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Income Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the Half Year and Quarter Ended December 31, 2019*

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	89,314	131,356	41,286	64,051
Other comprehensive income for the period				
Items that will be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive income for the period	<u>89,314</u>	<u>131,356</u>	<u>41,286</u>	<u>64,051</u>

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

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

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

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

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

**HBL Islamic Income Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the Half Year and Quarter Ended December 31, 2019*

	Half year ended December 31,	
	2019	2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	89,314	131,356
Adjustments for:		
Capital (gain) / loss on sale of investments - net	(602)	113
Income from corporate sukuk bonds	(48,280)	(67,331)
Income from placements	(7,542)	(35,515)
Profit on bank deposits	(58,572)	(62,897)
Unrealised diminution on remeasurement of investments classified as financial asset at fair value through profit or loss - net	7,090	1,152
Amortisation of preliminary expenses and flotation costs	-	412
	(18,592)	(32,710)
<b>Decrease / (increase) in assets</b>		
Investments - net	230,089	(795,692)
Deposits and prepayments	106	106
	230,195	(795,586)
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(3,460)	2,447
Payable to the Trustee	(303)	332
Payable to Securities and Exchange Commission of Pakistan	(2,885)	(1,820)
Accrued expenses and other liabilities	(3,187)	1,716
	(9,835)	2,675
<b>Cash generated from / (used in) operations</b>	201,768	(825,621)
Income from corporate sukuk bonds received	55,183	67,331
Income from placements received	1,924	35,515
Profit received on bank deposits	102,837	62,306
	159,944	165,152
<b>Net cash generated from / (used in) operating activities</b>	361,712	(660,469)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	1,785,823	1,171,450
Amount paid on redemption of units	(3,478,277)	(1,651,510)
Dividend paid	(166)	(44,630)
Net cash used in financing activities	(1,692,620)	(524,690)
Net decrease in cash and cash equivalents during the period	(1,330,908)	(1,185,159)
Cash and cash equivalents at beginning of period	2,164,208	2,716,661
Cash and cash equivalents at end of the period	833,300	1,531,502

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

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

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

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

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

**HBL Islamic Income Fund**  
**Condensed Interim Statement of Movement in Unitholders' Fund**  
*For the Half Year and Quarter Ended December 31, 2019*

Note	Half year ended December 31,					
	2019			2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
<b>Net assets at beginning of the period</b>	3,049,443	54,041	3,103,484	3,947,620	93,906	4,041,526
<b>Issuance of 17,138,577 units (2018: 23,261,985 units)</b>						
Capital value (at net asset value per unit at the beginning of the period)	1,739,366	-	1,739,366	2,356,470	-	2,356,470
Element of income	46,457	-	46,457	26,362	-	26,362
<b>Total proceeds on issuance of units</b>	1,785,823	-	1,785,823	2,382,832	-	2,382,832
<b>Redemption of 34,609,973 units (2018: 25,620,239 units)</b>						
Capital value (at net asset value per unit at the beginning of the period)	(3,512,508)	-	(3,512,508)	(2,595,364)	-	(2,595,364)
Income already paid on redemption of units	-	(35,015)	(35,015)	-	(30,501)	(30,501)
Element of loss	(25,845)	-	(25,845)	(6,807)	-	(6,807)
<b>Total payments on redemption of units</b>	(3,538,353)	(35,015)	(3,573,368)	(2,602,171)	(30,501)	(2,632,672)
Total comprehensive income for the period	-	89,314	89,314	-	131,356	131,356
Refund of capital	-	-	-	(145,445)	-	(145,445)
Distribution for the period	-	-	-	-	(44,653)	(44,653)
<b>Net assets at end of the period</b>	1,296,913	89,314	1,405,253	3,582,836	86,703	3,732,944
<b>Undistributed income brought forward</b>						
Realised income		66,198			106,089	
Unrealised loss		(12,157)			(12,183)	
		54,041			93,906	
<b>Accounting income available for distribution</b>						
Relating to capital gains		-			-	
Excluding capital gains		54,299			100,855	
		54,299			100,855	
Distribution for the period		-			(44,653)	
<b>Undistributed income carried forward</b>		108,340			150,108	
<b>Undistributed income carried forward</b>						
Realised income		115,430			151,260	
Unrealised loss		(7,090)			(1,152)	
		108,340			150,108	
				Rupees		Rupees
<b>Net assets value per unit at beginning of the period</b>			101.4883			106.3013
<b>Net assets value per unit at end of the period</b>			107.2031			104.6778

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

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

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Islamic Income Fund**

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

### ***For the Half Year and Quarter Ended December 31, 2019***

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

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

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

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

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

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

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

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company and assigned stability rating of A+(f) to the Fund as at December 31, 2019 and December 30, 2019, respectively.

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

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

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

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

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- 2.1.2** The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2019.
- 2.1.3** The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2019, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2018.
- 2.1.4** This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 have not been reviewed.
- 2.1.5** In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

**2.2 Basis of measurement**

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

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

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

**2.3 Functional and presentation currency**

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

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

- 3.1** The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2019, unless otherwise stated.
- 3.2** The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.

3.4 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan effect for the first time in this condensed interim financial information and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.

3.5 The fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2019.

		December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>4 BANK BALANCES</b>			
Cash at bank			
In PLS savings accounts	4.1	823,314	2,164,187
In current accounts		9,986	21
		<u>833,300</u>	<u>2,164,208</u>

4.1 This represents bank accounts held with various banks. profit rates on these accounts range between 8% to 14.50% per annum (June 30, 2019: 6.50% to 12.50% per annum). This includes a balance held by Habib Bank Limited (a related party), amounting to Rs. 291.132 million (June 30, 2019: Rs. 144.066 million).

		December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>5 INVESTMENTS</b>			
<b>Financial assets</b>			
At fair value through profit or loss	5.1	534,394	759,168
At amortised cost	5.2	121,219	129,424
		<u>655,613</u>	<u>888,592</u>
<b>5.1 Financial assets at fair value through profit or loss</b>			
Corporate Sukuk Bonds	5.1.1	<u>534,394</u>	<u>759,168</u>

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

Name of the Investee Company	Note	Number of units				As at December 31, 2019			Market value as at percentage of	
		As at July 1, 2019	Purchases during the period	Sales during the period	As at December 31, 2019	Market value	Carrying value	Un-realised appreciation / (diminution)	Total investments	Net assets
----- (Rupees in '000) -----										
<b>Corporate Sukuks-Listed</b>										
International Brands Limited		1,100	-	-	1,100	92,862	92,164	698	14.16%	6.61%
Dawood Hercules Corporation Limited*		751	-	545	206	16,437	16,426	11	2.51%	1.17%
		1,851	-	545	1,306	109,299	108,590	709	16.67%	7.78%
<b>Corporate Sukuks - Un-Listed</b>										
Dawood Hercules Corporation Limited*		450	-	-	450	40,370	40,419	(49)	6.16%	2.87%
AGP Limited		2,642	-	1,650	992	49,972	49,600	372	7.62%	3.56%
Dubai Islamic Bank Limited		190	-	25	165	165,165	165,000	165	25.19%	11.75%
Ghani Gasses Limited		1,530	-	-	1,530	74,588	82,875	(8,288)	11.38%	5.31%
Agha Steel Industries Limited	5.1.3	95	-	-	95	95,000	95,000	-	14.49%	6.76%
		4,907	-	1,675	3,232	425,095	432,894	(7,800)	65%	30%
Total - as at December 31, 2019		6,758	-	2,220	4,538	534,394	541,484	(7,090)	81.51%	38.03%
Total - as at June 30, 2019		42,040	127,224	162,506	6,758	759,168	771,325	(12,157)	85.43%	24.46%

\* Related party (associated company) due to common directorship.

5.1.2 These Sukuk carry semi annual mark-up at the rate ranging from 10.53% to 13.93% per annum. (June 30, 2019: semi annual mark-up at the rate of 7.74% to 11.76% per annum) .

5.1.3 These Sukuks are in the process of listing. Management believes that the fair value of these Sukuks are approximately at it's cost.

5.1.4 Significant terms and conditions of Corporate Sukuk Bonds as at December 31, 2019 are as follows:

Name of company	Principal outstanding (per sukuk bond)	Mark-up rate (per annum)	Issue date	Maturity date
<b>Corporate sukuk bonds - listed</b>				
International Brands Limited	85,359	12 Month Kibor + 0.50%	15-Nov-17	15-Nov-21
Dawood Hercules Corporation Limited	80,000	3 Month Kibor + 1%	16-Nov-17	16-Nov-22
<b>Corporate sukuk bonds - unlisted</b>				
Dawood Hercules Corporation Limited	90,000	3 Month Kibor + 1%	01-Mar-18	01-Mar-23
AGP Limited	50,000	3 Month Kibor + 1.30%	09-Jun-17	09-Jun-22
Dubai Islamic Bank Limited	1,000,000	6 Month Kibor + 0.50%	14-Jul-17	14-Jul-27
Ghani Gases Limited	54,167	3 Month Kibor + 1%	02-Feb-17	02-Feb-23
Agha Steel Industries Limited	1,000,000	3 Month Kibor + 0.50%	09-Oct-18	09-Oct-24

## 5.2 Financial assets at amortised cost

Commercial Paper 5.2.1 121,219 129,424

### 5.2.1 Commercial paper

Name of investee company	As at July 1, 2019	Placement made during the year	Income accrued	Placement Matured during the year	As at December 31, 2019	Percentage of total investments	Percentage of net assets
----- (Rupees in '000) -----							
K-Electric Limited	129,424	-	576	130,000	-	-	-
Hascol Petroleum Limited 5.2.2	-	116,177	5,042	-	121,219	18.49%	8.63%
Total - as at December 31, 2019	129,424	116,177	5,618	130,000	121,219	18.49%	8.63%

5.2.2 Commercial papers carry mark-up at the rate of 15.23% per annum (June, 30 2019: 12.26%) and will be matured by March 19, 2020.

	December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
Note	----- (Rupees in '000) -----	

## 6 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	1,583	3,889
Sindh sales tax payable on the remuneration of the Management Company	6.2	345	505
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	123	341
Selling and marketing expenses payable	6.4	823	2,162
Sales load payable		667	104
		<u>3,541</u>	<u>7,001</u>

- 6.1** As per the offering document of the Fund, the Management Company shall charge a fee at the rate of 10% of gross earnings of the Scheme, calculated on daily basis not exceeding 1.50% of the average daily net assets of the Scheme and subject to a minimum fee of 0.50% of the average daily net assets of the Scheme, subject to the guidelines as may be issued by the Commission from time to time. During the period, the fee has been charged at the rate ranging between 0.5% to 1.385% of the daily annual net assets of the Fund. The fee is being charged at the rate of 1.385% from October 1, 2019 onwards. The fee is payable monthly in arrears.
- 6.2** The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 6.3** As per 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. Previously, such expenses were chargeable maximum upto 0.1% of the average annual net assets on daily basis of the Scheme or the actual cost, whichever is lower. However, SECP, vide S.R.O. 639(I)/2019, dated June 20, 2019, has removed the maximum limit of 0.1%. During the period, the fee has been charged at the rate ranging between 0.1% to 0.3% of the daily annual net assets of the Fund. The fee is being charged at the rate of 0.1% from October 1, 2019 onwards.
- 6.4** As per SECP vide its circular No. SCD/PRDD/Circular/361/2016, dated December 30, 2016, selling and marketing expenses was chargeable to open end equity, upto maximum 0.4% of the average annual net assets of the Scheme or the actual cost, whichever is lower.

However, circular No. SCD/PRDD/Circular/04/2019, dated July 5, 2019, issued by SECP, supersedes all previous circulars issued with respect to selling and marketing expenses, according to which, selling and marketing expenses can be charged to all categories of open end mutual funds, except fund of funds with no cap. During the period, the fee has been charged at the rate ranging between 0.2% to 0.75% of the daily annual net assets of the Fund. The fee is being charged at the rate of 0.2% from October 1, 2019 onwards.

		<b>December 31, 2019 (Un-Audited)</b>	<b>June 30, 2019 (Audited)</b>
	<b>Note</b>	----- (Rupees in '000) -----	
<b>7</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee payable	7.1	104      407

- 7.1** 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.

Earlier, the Trustee fee was charged as per the details disclosed in note 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019. 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 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.

- 7.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

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**8 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Annual fee payable	8.1	164	3,049
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**8.1** Under the regulation 62 of the NBFC Regulations, a Collective Investment Scheme (CIS) categorized as an equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the Scheme. However, SECP, vide S.R.O. 685 (I)/2019, dated June 28, 2019, has reduced the rate of the fee to 0.02% of the average annual net assets for all categories of CIS(s), with effect from July 1, 2019. During the period, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

Note	December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
	----- (Rupees in '000) -----	

**9 ACCRUED EXPENSES AND OTHER LIABILITIES**

Provision for Federal Excise Duty	9.1	1,344	1,344
Provision for Sindh Workers' Welfare Fund	9.2	13,832	12,010
Withholding tax payable		401	5,461
Brokerage payable		150	83
Auditors' remuneration		121	169
Printing charges		230	238
Other payables		247	208
		<u>16,325</u>	<u>19,513</u>

**9.1** The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as that disclosed in note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2019, and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2019 would have been higher by Rs. 0.10 per unit (June 30, 2019: Rs. 0.04 per unit).

**9.2** The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is the same as disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019 and a constitutional petition filed by certain CISs, through their trustees, in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, is pending adjudication.

As at December 31, 2019 provision for SWWF amounted to Rs. 13.832 million. Had the provision not been made, net assets value per unit at December 31, 2019 would have been higher by Rs. 1.06 per unit (June 30, 2019: Rs. 0.39 per unit).

**10 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2019 (June 30, 2019: Nil).

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**11 TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealized, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealized) for the year ending June 30, 2020 to its unit holders.

**12 EARNINGS PER UNIT**

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

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

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

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

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

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

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

	Half year ended	
	December 31,	
	2019	2018
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
<b>13.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of Management Company	9,473	17,530
Sindh Sales Tax on remuneration of Management Company	1,232	2,279
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,234	2,014
Sales load paid	488	202
Issue of Nil (2018: 245,246) units	-	25,000
Redemption of Nil (2018: 245,246) units	-	25,096

	Half year ended	
	December 31,	
	2019	2018
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
<b>Habib Bank Limited - Sponsor</b>		
Bank charges paid	125	53
Profit on bank deposits earned	11,687	263
Issue of Nil (2018: 70,590) units	-	7,151
Refund of capital	-	4,960
Dividend paid	-	12,111
<b>Executives of the Management Company</b>		
Issue of 107,822 (2018: 70,330) units	11,232	7,209
Redemption of 142,100 (2018: 247,374) units	14,779	25,732
Refund of capital	-	400
Dividend paid	-	1,304
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	616	2,141
Sindh Sales Tax payable on the Trustee fee	80	278
Central Depository Service charges	14	69
<b>HBL Islamic Financial Planning Fund-</b>		
<b>Active Allocation Plan</b>		
Issue of 120,316 (2018: 219,242) units	12,477	22,777
Redemption of 508,053 (2018: 379,014) units	52,914	39,085
Refund of capital	-	4,574
Dividend paid	-	4,590
<b>HBL Islamic Financial Planning Fund-</b>		
<b>Conservative Allocation Plan</b>		
Issue of 36,956 (2018: 4,411) units	3,919	458
Redemption of 105,736 (2018: 105,563) units	11,154	10,785
Refund of capital	-	1,364
Dividend paid	-	1,369
<b>HBL Islamic Financial Planning Fund-</b>		
<b>Strategic Allocation Plan</b>		
Issue of 44,859 (2018: 7,780,191) units	4,597	800,347
Redemption of 20,998,393 (2018: 6,132,504) units	2,139,641	633,680
Refund of capital	-	101,610
Dividend paid	-	101,956
<b>HBL Asset Management Limited Employees Gratuity Fund</b>		
Issue of Nil (2018: 96 ) units	-	10
Redemption of Nil (2018 : 107) units	-	11
Dividend paid	-	21

Half year ended December 31,	
2019	2018
(Un-Audited)	(Un-Audited)
----- (Rupees in '000) -----	

**HBL Asset Management Limited Employees Provident Fund**

Issue of Nil (2018: 414 ) units	-	42
Redemption of Nil (2018 : 414) units	-	69
Dividend paid	-	111

**Dewan Petroleum (Private) Limited\***

**Connected person due to holding 10% or more**

Issue of 2,821 (2018: Nil ) units	290,000	-
-----------------------------------	---------	---

**13.2 Balances outstanding as at period / year end**

**HBL Asset Management Limited - Management Company**

Remuneration of the Management Company	1,583	3,889
Sindh Sales Tax payable on remuneration of the Management Company	345	505
Sales load payable	667	104
Allocation of expenses related to registrar services, accounting, operation and valuation services	123	341
Selling and marketing expenses	823	2,162

December 31, 2019	June 30, 2019
(Un-Audited)	(Audited)
----- (Rupees in '000) -----	

**Habib Bank Limited - Sponsor**

Bank balances	292,240	144,066
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**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable	104	407
Security deposit	100	100

**Executives of the Management Company**

Units held : 21,739 (June 30, 2019: 56,017)	2,330	5,685
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**HBL Islamic Financial Planning Fund**

**Strategic Allocation Plan**

Units held : 250,462 (June 30, 2019: 21,203,996)	26,850	2,151,958
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**HBL Islamic Financial Planning Fund**

**Active Allocation Plan**

Units held : 450,703 (June 30, 2019: 838,440)	48,317	85,092
---	--------	--------

	December 31, 2019 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2019 (Audited)
<b>HBL Islamic Financial Planning Fund</b>		
<b>Conservative Allocation Plan</b>		
Units held : 71,246 (June 30, 2019: 140,026)	7,638	14,211
<b>HBL Asset Management Limited Employees Gratuity Fund</b>		
Units held : 4,658 (June 30, 2019: 4,658)	499	473
<b>HBL Asset Management Limited Employees Provident Fund</b>		
Units held 25,042 (June 30, 2019: 25,042)	2,685	2,541
<b>Dewan Petroleum (Private) Limited*</b>		
<b>Connected person due to holding 10% or more</b>		
Units held 2,821 (June 30, 2019: Nil)	302,418	-

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

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

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

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

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

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

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

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

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

		December 31, 2019 (Un-Audited)						
		Carrying amount			Fair Value			
		At fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>Financial assets measured at fair value</b>	14.1							
Investments								
Corporate sukuk bonds		534,394	-	534,394	-	534,394	-	534,394
		<u>534,394</u>	<u>-</u>	<u>534,394</u>	<u>-</u>	<u>534,394</u>	<u>-</u>	<u>534,394</u>
<b>Financial assets not measured at fair value</b>	14.2							
Bank balances		-	833,300	833,300				
Commercial paper		-	121,219	121,219				
Profit receivable		-	25,751	25,751				
Receivable against sale of investment		-	2,020	2,020				
Deposits		-	7,599	7,599				
		<u>-</u>	<u>989,889</u>	<u>989,889</u>				
<b>Financial liabilities not measured at fair value</b>	14.2							
Payable to the Management Company		-	3,196	3,196				
Payable to the Trustee		-	92	92				
Dividend payable		-	33	33				
Payable against redemption of units		-	98,955	98,955				
Accrued expenses and other liabilities		-	642	642				
		<u>-</u>	<u>102,918</u>	<u>102,918</u>				
		June 30, 2019 (Audited)						
		Carrying amount			Fair Value			
		At fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>Financial assets measured at fair value</b>								
Investments								
Corporate sukuk bonds	14.1	759,168	-	759,168	-	759,168	-	759,168
		<u>759,168</u>	<u>-</u>	<u>759,168</u>	<u>-</u>	<u>759,168</u>	<u>-</u>	<u>759,168</u>
<b>Financial assets not measured at fair value</b>	14.2							
Bank balances		-	2,164,208	2,164,208				
Commercial paper		-	129,424	129,424				
Profit receivable		-	76,919	76,919				
Receivable against sale of investment		-	10,156	10,156				
Deposits		-	7,599	7,599				
		<u>-</u>	<u>2,388,306</u>	<u>2,388,306</u>				
<b>Financial liabilities not measured at fair value</b>	14.2							
Payable to the Management Company		-	6,496	6,496				
Payable to the Trustee		-	360	360				
Payable against redemption of units		-	199	199				
Dividend payable		-	3,864	3,864				
Accrued expenses and other liabilities		-	678	678				
		<u>-</u>	<u>11,597</u>	<u>11,597</u>				

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

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

**14.3 Transfers during the period**

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

**15 TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2019 is 1.14% (2018: 0.83%) which includes 0.20% (2018: 0.17%) representing Government levy, Sindh Worker's Welfare Fund and SECP fee.

**16 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on February 13, 2020.

**17 GENERAL**

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

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

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

---

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# **HBL**

## **Islamic Equity Fund**

## FUND INFORMATION

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**HBL ISLAMIC EQUITY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Equity Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

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

Karachi, February 24, 2020







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Karachi-74200  
Pakistan

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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL ISLAMIC EQUITY FUND ("the Fund") as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for Interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

### Conclusion

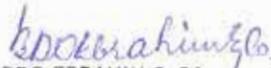
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures for the quarter ended December 31, 2019 and December 31, 2018 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 13 FEB 2020

  
BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

Engagement Partner: Raheel Shahnawaz

BDO Ebrahim & Co. Chartered Accountants

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

**HBL Islamic Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As At December 31, 2019*

		December 31, 2019 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2019 (Audited)
<b>ASSETS</b>			
Bank balances	4	40,349	24,030
Investments	5	506,102	241,786
Dividend and profit receivable		2,836	1,640
Receivable against sale of investments		-	5,002
Advances, deposits and prepayments	6	3,014	3,001
<b>TOTAL ASSETS</b>		<u>552,301</u>	<u>275,459</u>
<b>LIABILITIES</b>			
Payable to the Management Company	7	2,297	915
Payable to the Trustee	8	119	65
Payable to Securities and Exchange Commission of Pakistan	9	39	663
Payable against redemption of units		14,096	-
Accrued expenses and other liabilities	10	10,609	8,352
<b>TOTAL LIABILITIES</b>		<u>27,160</u>	<u>9,995</u>
<b>NET ASSETS</b>		<u>525,141</u>	<u>265,464</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>525,141</u>	<u>265,464</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<u>5,679,779</u>	<u>3,457,222</u>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<u>92.4580</u>	<u>76.7855</u>

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

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

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

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

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

**HBL Islamic Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For The Half Year And Quarter Ended December 31, 2019*

	Note	Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
----- (Rupees in '000) -----					
<b>Income</b>					
Capital gain / (loss) on sale of investments - net		42,889	(30,660)	44,170	(33,486)
Dividend income		12,122	16,388	9,517	6,775
Profit on bank deposits		2,331	4,972	1,603	1,886
		<u>57,342</u>	<u>(9,300)</u>	<u>55,290</u>	<u>(24,825)</u>
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial asset at 'fair value through profit or loss' - net		49,888	(53,261)	64,134	(39,307)
		<u>107,230</u>	<u>(62,561)</u>	<u>119,424</u>	<u>(64,132)</u>
<b>Expenses</b>					
Remuneration of the Management Company	7.1	3,784	9,166	2,661	3,081
Sindh Sales Tax on remuneration of the Management Company	7.2	492	1,192	346	400
Remuneration of the Trustee	8.1	389	861	266	308
Sindh Sales Tax on remuneration of the Trustee	8.2	51	112	35	40
Annual fee to Securities and Exchange Commission of Pakistan	9.1	39	435	27	146
Allocation of expenses related to registrar services, accounting, operation and valuation services	7.3	434	458	214	154
Selling and marketing expense	7.4	1,442	1,833	998	616
Amortization of preliminary expenses and floatation costs		-	102	-	51
Auditors' remuneration		117	119	58	60
Fees and subscription		14	15	7	94
Securities transaction and settlement costs		3,207	2,433	2,867	1,135
Bank charges		21	14	17	192
Shariah advisory services		106	122	53	-
		<u>10,096</u>	<u>16,862</u>	<u>7,549</u>	<u>6,277</u>
<b>Net income / (loss) for the period from operating activities</b>		<u>97,134</u>	<u>(79,423)</u>	<u>111,875</u>	<u>(70,409)</u>
Provision for Sindh Workers' Welfare Fund	10.2	(1,943)	-	(1,943)	-
<b>Net income / (loss) for the period before taxation</b>		<u>95,192</u>	<u>(79,423)</u>	<u>109,933</u>	<u>(70,409)</u>
Taxation	12	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		<u>95,192</u>	<u>(79,423)</u>	<u>109,933</u>	<u>(70,409)</u>
<b>Allocation of net income for the period</b>					
Income already paid on redemption of units		25,538		25,538	
Accounting income available for distribution:					
Relating to capital gains		69,654		84,395	
Excluding capital gains		-		-	
		<u>69,654</u>		<u>84,395</u>	
		<u>95,192</u>		<u>109,933</u>	
<b>Earnings per unit</b>	13				

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Equity Fund**  
**Condensed Interim Statement Of Comprehensive Income (Un-audited)**  
*For The Half Year And Quarter Ended December 31, 2019*

	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	95,192	(79,423)	109,933	(70,409)
Other comprehensive income for the period				
Items that will be reclassified subsequently to income statement	-	-	-	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive income / (loss) for the period	<u>95,192</u>	<u>(79,423)</u>	<u>109,933</u>	<u>(70,409)</u>

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

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

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

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

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

**HBL Islamic Equity Fund**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
*For The Half Year Ended December 31, 2019*

	Half year ended	
	December 31,	
Note	2019	2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	95,192	(79,423)
Adjustments for:		
Capital (gain) / loss on sale of investments - net	(42,889)	30,660
Dividend income	(12,122)	(16,388)
Profit on bank deposits	(2,331)	(4,972)
Unrealised (appreciation) / diminution on re-measurement of investments at 'fair value through profit or loss' - net	(49,888)	53,261
Amortisation of preliminary expense and flotation costs	-	102
	<u>(12,038)</u>	<u>(16,760)</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	<u>(166,537)</u>	<u>600,375</u>
Advances, deposits and prepayments	<u>(14)</u>	<u>(13)</u>
	(166,551)	600,362
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	<u>1,383</u>	<u>(3,535)</u>
Payable to the Trustee	<u>54</u>	<u>(331)</u>
Payable to Securities and Exchange Commission of Pakistan	<u>(624)</u>	<u>(759)</u>
Accrued expenses and other liabilities	<u>2,257</u>	<u>(2,813)</u>
	<u>3,070</u>	<u>(7,438)</u>
Cash (used in) / generated from operations	<u>(175,519)</u>	<u>576,164</u>
Dividend received	<u>11,015</u>	<u>18,514</u>
Profit received on bank deposits	<u>2,242</u>	<u>5,167</u>
	<u>13,257</u>	<u>23,681</u>
Net cash (used in) / generated from operating activities	<u>(162,262)</u>	<u>599,845</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	<u>819,124</u>	<u>62,014</u>
Amount paid on redemption of units	<u>(640,543)</u>	<u>(735,895)</u>
Net cash generated from / (used in) financing activities	<u>178,581</u>	<u>(673,881)</u>
Net increase / (decrease) in cash and cash equivalents	<u>16,319</u>	<u>(74,036)</u>
Cash and cash equivalents at beginning of the period	<u>24,030</u>	<u>159,107</u>
Cash and cash equivalents at end of the period	<u>40,349</u>	<u>85,071</u>

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

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

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

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

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



# **HBL Islamic Equity Fund**

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

### ***For The Half Year Ended December 31, 2019***

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

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

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

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

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

The objective of HBL Islamic Equity Fund is to provide the maximum total return to the unit holders from investment in 'Shariah Compliant' equity investments for the given level of risk. Title to the assets of the Fund is held in the name of CDC as trustee of the Fund.

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

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

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

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

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

2.1.2 The disclosures made in this condensed interim financial information have; however, been limited based on the requirements of International Accounting Standard - 34 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2019.

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- 
- 2.1.3 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2019, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2018.
- 2.1.4 This condensed interim financial information is unaudited but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed.
- 2.1.5 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.
- 2.2 Basis of measurement
- This condensed interim financial information has been prepared under the historical cost convention, except that certain financial assets are stated at fair value.
- This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.
- 2.3 Functional and presentation currency
- This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.
- 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN
- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2019, unless otherwise stated.
- 3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.
- 3.4 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan, effective for the first time in this condensed interim financial information and are mandatory for the Fund's accounting period beginning on or after July 01, 2019. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.

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

4	BANK BALANCES	Note	December 31,	June 30,
			2019 (Un-Audited)	2019 (Audited)
			----- (Rupees in '000) -----	
	In savings accounts	4.1	38,905	22,595
	In current accounts		1,444	1,435
			<u>40,349</u>	<u>24,030</u>

4.1 This represents bank accounts held with various banks. profit rates on these accounts range between 12.50% to 13.50% per annum (June 30, 2019: 6.50% to 13.50% per annum). This includes an amount held by a related party Habib Bank Limited, amounting to Rs. 7.178 million (June 30, 2019: Rs. 0.648 million).

5	INVESTMENTS	Note	December 31,	June 30,
			2019 (Un-Audited)	2019 (Audited)
			----- (Rupees in '000) -----	
	Financial assets at 'fair value through profit or loss'			
	Listed equity securities	5.1	<u>506,102</u>	<u>241,786</u>

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

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

Name of the investee company	Note	As at July 1, 2019	Purchases during the period	Bonus issue during the period	Sales during the period	As at December 31, 2019	Carrying Amount as at December 31, 2019	Market Value as at December 31, 2019	Unrealised appreciation / (diminution) on re-measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company
						----- (Rupees in '000) -----						
<b>Automobiles Parts &amp; Accessories</b>												
Thal Limited (Par value Rs 5 per share)		21,950	126,400	-	97,500	50,850	16,268	17,199	931	3.40%	3.28%	0.06%
<b>Cement</b>												
Kohat Cement Limited		55,210	122,500	-	111,000	66,710	4,330	5,163	833	1.02%	0.98%	0.04%
Lucky Cement Limited	5.1.1	25,300	109,900	-	73,200	62,000	24,955	26,561	1,606	5.25%	5.06%	0.02%
Maple Leaf Cement Factory Limited		-	125,000	-	125,000	-	-	-	-	-	-	-
		80,510	357,400	-	309,200	128,710	29,285	31,724	2,439	6.27%	6.04%	
<b>Chemicals</b>												
Engro Polymer & Chemicals Limited		294,452	1,722,500	-	1,394,000	622,952	19,864	20,688	824	4.09%	3.94%	0.09%
Lotte Chemical Pakistan Limited		100,000	461,000	-	561,000	-	-	-	-	-	-	-
Sitara Chemicals Industries Limited		-	37,600	-	13,100	24,500	6,351	7,312	1,061	1.44%	1.39%	0.11%
		394,452	2,221,100	-	1,968,100	647,452	26,115	28,000	1,885	5.53%	5.33%	
<b>Commercial Bank</b>												
Meezan Bank Limited	5.1.1	124,675	417,000	-	324,000	217,675	18,398	20,707	2,309	4.09%	3.94%	0.02%
<b>Engineering</b>												
International Steels Limited		-	110,000	-	60,000	50,000	3,098	2,895	(203)	0.57%	0.55%	0.01%
<b>Investment Bank</b>												
Dawood Hercules Corporation Limited		26,400	-	-	26,400	-	-	-	-	-	-	-
<b>Fertilizer</b>												
Engro Corporation Limited	5.1.1	85,530	252,600	-	195,200	142,930	43,652	49,346	5,694	9.75%	9.40%	0.03%
Engro Fertilizers Limited	5.1.1	168,500	602,000	-	528,500	242,000	16,994	17,770	776	3.51%	3.38%	0.02%
Fauji Fertilizers Company Limited		118,000	381,100	-	351,500	147,600	14,710	14,977	267	2.96%	2.85%	0.01%
		372,030	1,235,700	-	1,075,200	532,530	75,356	82,093	6,737	16.22%	15.63%	
<b>Oil and Gas Exploration Companies</b>												
Mian Petroleum Company Limited	5.1.2	21,715	43,320	3,817	40,380	38,472	31,354	37,301	6,147	7.37%	7.10%	0.03%
Oil & Gas Development Company Limited	5.1.1	207,800	764,800	-	565,300	407,300	53,568	57,966	4,598	11.45%	11.04%	0.01%
Pakistan Oilfields Limited		36,720	82,900	-	69,200	50,420	20,777	22,524	1,747	4.45%	4.29%	0.02%
Pakistan Petroleum Limited	5.1.1	157,580	786,500	82,076	624,500	401,656	48,325	55,083	6,758	10.88%	10.49%	0.02%
		423,815	1,677,520	85,893	1,299,380	887,848	153,624	172,874	19,250	34.16%	32.92%	
<b>Oil and Gas Marketing Companies</b>												
Pakistan State Oil Company Limited	5.1.2	77,940	296,300	24,588	286,500	112,328	18,889	21,527	2,638	4.25%	4.10%	0.03%
Sui Northern Gas Pipeline Limited		74,800	316,500	-	236,000	155,300	11,403	11,829	426	2.34%	2.25%	0.02%
		152,740	612,800	24,588	522,500	267,628	30,292	33,356	3,064	6.59%	6.35%	
<b>Power Generation &amp; Distribution</b>												
The Hub Power Company Limited	5.1.1	303,987	842,500	-	686,000	460,487	37,624	42,986	5,362	8.49%	8.19%	0.04%
K-Electric Limited (Par value Rs 3.5 per share)		1,257,000	4,650,500	-	3,405,000	2,502,500	10,363	10,936	573	2.16%	2.08%	0.01%
		1,560,987	5,493,000	-	4,091,000	2,962,987	47,987	53,922	5,935	10.65%	10.27%	
<b>Pharmaceuticals</b>												
AGP Limited		20,500	155,000	-	92,000	83,500	6,794	8,296	1,502	1.64%	1.58%	0.03%
The Searle Company Limited	5.1.2	18,443	114,500	-	77,500	55,443	9,586	10,465	879	2.07%	1.99%	0.03%
Abbott Laboratories (Pakistan) Limited		-	15,000	-	15,000	-	-	-	-	-	-	-
Highnoon Laboratories Limited		-	18,000	-	3,500	14,500	7,612	7,790	178	1.54%	1.48%	0.05%
		38,943	302,500	-	180,000	153,443	23,992	26,551	2,559	5.25%	5.06%	

Name of the investee company	Note	As at July 1, 2019	Purchases during the period	Bonus issue during the period	Sales during the period	As at December 31, 2019	Carrying Amount as at December 31, 2019	Market Value as at December 31, 2019	Unrealised appreciation / (diminution) on re-measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company
		-----Number of shares-----						----- (Rupees in '000) -----				
<b>Glass &amp; Ceramics</b>												
Tariq Glass Industries Limited		-	37,000	-	37,000	-	-	-	-	-	-	-
<b>Textile Composite</b>												
Nishat Mills Limited		67,800	335,700	-	255,100	148,400	13,799	15,751	1,952	3.11%	3.00%	0.04%
Interloop Limited		162,250	337,000	-	318,000	181,250	8,863	10,522	1,659	2.08%	2.00%	0.02%
		230,050	672,700	-	573,100	329,650	22,662	26,273	3,611	5.19%	5.00%	
<b>Transport</b>												
Pakistan National Shipping Corporation		23,500	109,500	-	25,500	107,500	8,821	10,098	1,277	2.00%	1.92%	0.08%
<b>Technology &amp; Communication</b>												
Systems Limited	5.1.2	3,300	-	-	-	3,300	317	410	93	0.08%	0.08%	
<b>Total - As at December 31, 2019</b>		<b>3,453,352</b>	<b>13,372,620</b>	<b>110,481</b>	<b>10,596,880</b>	<b>6,339,573</b>	<b>456,215</b>	<b>506,102</b>	<b>49,887</b>	<b>100%</b>	<b>96%</b>	
<b>Total - As at June 30, 2019</b>		<b>14,161,262</b>	<b>7,973,974</b>	<b>159,653</b>	<b>18,841,537</b>	<b>3,453,352</b>	<b>285,894</b>	<b>241,786</b>	<b>(44,108)</b>	<b>100%</b>	<b>91%</b>	

5.1.1 As at December 31, 2019, the Fund has pledged shares with the National Clearing Company of Pakistan (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11, dated October 23, 2007, issued by the SECP of following companies:

- Oil & Gas Development Company Limited (134,400 shares having market value of Rs. 19.128 million)
- The Hub Power Company Limited (235,000 shares having market value of Rs. 21.937 million)
- Meezan Bank Limited (60,000 shares having market value of Rs. 5.708 million)
- Lucky Cement Limited (10,000 shares having market value of Rs. 4.284 million)
- Pakistan Petroleum Limited (90,000 shares having market value of Rs. 12.343 million)
- Engro Fertilizers Limited (65,000 shares having market value of Rs. 4.773 million)
- Engro Corporation Limited (50,000 shares having market value of Rs. 17.263 million)

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, has filed a petition in Honorable High Court of Sindh to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable High Court of Sindh has granted stay order till the final outcome of the case. However, the investee companies has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.9538 million at December 31, 2019 (June 30, 2019: Rs. 0.719 million) and not yet deposited on CDC account of Department of Income Tax. Management is of the view that the decision will be in the favor of the Fund and accordingly has recorded the bonus shares on gross basis at fair value of its investments.

		December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>6</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
	Security deposit with:		
	National Clearing Company of Pakistan Limited	2,500	2,500
	Central Depository Company of Pakistan Limited	100	100
		<u>2,600</u>	<u>2,600</u>
	Prepaid expenses	135	122
	Advance tax	279	279
	6.1	<u>3,014</u>	<u>3,001</u>

6.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Furthermore, 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 150 of ITO 2001. The management is confident that the same shall be refunded after filing refund application within stipulated time, as per ITO 2001 .

		December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>7</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration payable of the Management Company	1,050	448
	Sindh Sales Tax payable on the Management Company's remuneration	136	59
	Allocation of expenses related to registrar services, accounting, operation and valuation services	85	386
	Selling and marketing expense payable	998	22
	Sales load payable	28	-
		<u>2,297</u>	<u>915</u>

7.1 As per the offering document of the Fund, the Management Company shall charge a fee at the rate not exceeding 2% of the average annual net assets on daily basis of the Scheme, subject to the guidelines issued by the Commission from time to time. During the period, the fee has been charged at the rate ranging between 1.7% to 2% of the daily annual net assets of the Fund. The fee is being charged at the rate of 2% from October 1, 2019 onwards. The fee is payable monthly in arrears.

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

7.3 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. Previously, such expenses were chargeable maximum upto 0.1% of the average annual net assets on daily basis of the Scheme or the actual cost, whichever is lower.

However, SECP, vide S.R.O. 639(I)/2019, dated June 20, 2019, has removed the maximum limit of 0.1%. During the period, the fee has been charged at the rate ranging between 0.1% to 0.5% of the daily annual net assets of the Fund. The fee is being charged at the rate of 0.161% from October 1, 2019 onwards.

- 7.4 As per SECP vide its circular No. SCD/PRDD/Circular/361/2016, dated December 30, 2016, selling and marketing expenses was chargeable to open end equity, asset allocation and index funds only, upto maximum 0.4% of the average annual net assets of the Scheme or the actual cost, whichever is lower.

However, circular No. SCD/PRDD/Circular/04/2019, dated July 5, 2019, issued by SECP, supersedes all previous circulars issued with respect to selling and marketing expenses, according to which, selling and marketing expenses can be charged to all categories of open end mutual funds, except fund of funds with no cap. During the period, the fee has been charged at the rate ranging between 0.4% to 0.75% of the daily annual net assets of the Fund. The fee is being charged at the rate of 0.75% from July 8, 2019 onwards.

		<b>December 31, 2019 (Un-Audited)</b>	<b>June 30, 2019 (Audited)</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>8</b>	<b>PAYABLE TO THE TRUSTEE</b>		
	Trustee fee payable	8.1 <u>119</u>	<u>65</u>

- 8.1 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.

Earlier, the Trustee fee was charged as per the details disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2019. 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 at the rate of 0.2% of the average annual net assets of the Fund. During the period, Management Company has charged the Trustee fee accordingly.

- 8.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2019: 13%) on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.

		<b>December 31, 2019 (Un-Audited)</b>	<b>June 30, 2019 (Audited)</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>9</b>	<b>PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee payable	9.1 <u>39</u>	<u>663</u>

- 9.1 Under the regulation 62 of the NBFC Regulations, a Collective Investment Scheme (CIS) categorised as an equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095% of the average annual net assets of the Scheme. However, SECP, vide S.R.O. 685 (I)/2019, dated June 28, 2019, has reduced the rate of the fee to 0.02% of the average annual net assets for all categories of CIS(s), with effect from July 1, 2019. During the period, Management Company has charged the fee accordingly. The fee is payable annually in arrears.

		December 31, 2019 (Un-Audited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
<b>10</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Provision for Federal Excise Duty	10.1	3,268	3,268
Provision for Sindh Workers' Welfare Fund	10.2	5,137	3,194
Donation payable	10.3	862	1,359
Withholding tax payable		277	58
Brokerage payable		728	79
Auditors' remuneration		119	169
Printing charges		162	195
Others		56	30
		10,609	8,352

10.1 The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as disclosed in note 13.1 to the annual audited financial statements of the Fund for the year ended June 30, 2019 and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 3.268 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2019 would have been higher by Rs. 0.5754 per unit (June 30, 2019: Rs. 0.9454 per unit).

10.2 The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is the same as disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2019 and a constitutional petition filed by certain CISs, through their trustees, in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, is pending adjudication.

As at December 31, 2019, the provision in relation to SWWF amounted to Rs. 5.137 million. Had the provision not been made, the net asset value per unit as at December 31, 2019 would have been higher by Rs. 0.9044 (June 30, 2019: Rs. 0.9238) per unit.

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

## 11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2019 (June 30, 2019: Nil).

## 12 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains, whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute at least 90% of the Fund's accounting income, as reduced by the capital gains, whether realised or unrealised, for the year ending June 30, 2020, to its unit holders.

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13 EARNINGS PER UNIT

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

14 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

	Half year ended	
	December 31,	
	2019	2018
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
<b>14.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	3,784	9,166
Sindh Sales Tax on remuneration of the Management Company	492	1,192
Allocation of expenses related to registrar services, accounting, operation and valuation services	434	458
Selling and marketing expense	1,442	1,833
Sales load paid	28	-
Issue of 5,951,992 (2018: Nil) units	490,332	-
Redemption of 5,382,654 (2018: 268,861) units	452,882	25,000
<b>Habib Bank Limited - Sponsor</b>		
Bank charges	6	3
Profit on bank deposits	136	16
<b>Executives of the Management Company</b>		
Issue of 152 (2018: 17,908) units	14	1,595
Redemption of 3,270 (2018: Nil) units	240	-

	Half year ended	
	December 31,	
	2019	2018
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	389	861
Sindh Sales Tax on remuneration of the Trustee	51	112
Central Depository service charges	55	78
<b>HBL Islamic Financial Planning Fund</b>		
Active Allocation Plan		
Issuance of 129,551 (2018: Nil) units	10,000	-
Redemption of 32,912 (2018: 26,211) units	3,000	2,418
<b>HBL Islamic Financial Planning Fund</b>		
Conservative Allocation Plan		
Issuance of 9,576 (2018: 8,735) units	820	776
Redemption of 27,882 (2018: 26,652) units	2,412	2,518
<b>HBL Islamic Financial Planning Fund</b>		
Strategic Allocation Plan		
Issuance of 129,551 (2018: Nil) units	10,000	-
Redemption of 3,662 (2018: 7,728,487) units	297	690,000
	<b>December 31,</b>	<b>June 30,</b>
	<b>2019</b>	<b>2019</b>
	<b>(Un-Audited)</b>	<b>(Audited)</b>
	----- (Rupees in '000) -----	
<b>14.2 Balances outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Units held: 1,052,987 (June 30, 2019: 483,649)	97,357	37,139
Remuneration payable of the Management Company	1,050	448
Sindh Sales Tax payable on the Management Company's remuneration	136	58
Allocation of expenses related to registrar services, accounting, operation and valuation services	85	386
Selling and marketing expenses	998	22
Sales load payable	28	-
<b>Habib Bank Limited - Sponsor</b>		
Bank balances	7,187	656
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	105	58
Sindh Sales Tax payable on the Trustee fee	14	7
<b>Executives of the Management Company</b>		
Units held: 1,755 (June 30, 2019: 6,317)	162	485

	<b>December 31, 2019 (Un-Audited)</b>	<b>June 30, 2019 (Audited)</b>
	----- (Rupees in '000) -----	
<b>HBL Islamic Financial Planning Fund</b>		
Active Allocation Plan		
Units held: 399,231 (June 30, 2019: 302,592)	36,912	23,235
<b>HBL Islamic Financial Planning Fund</b>		
Conservative Allocation Plan		
Units held: 22,316 (June 30, 2019: 40,622)	2,063	3,119
<b>HBL Islamic Financial Planning Fund</b>		
Strategic Allocation Plan		
Units held: 125,889 (June 30, 2019: Nil)	11,639	-
<b>Hamdard Laboratories (Waqf) Pakistan*</b>		
Units held: 572,928	52,972	-
<b>MCB Bank Limited*</b>		
Units held: 916,259	84,715	-

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

## 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or 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 i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

		December 31, 2019 (Un-Audited)						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)						
<b>Financial assets measured at fair value</b>								
	Investments	506,102	-	506,102	506,102	-	-	506,102
		<u>506,102</u>	<u>-</u>	<u>506,102</u>	<u>506,102</u>	<u>-</u>	<u>-</u>	<u>506,102</u>
<b>Financial assets not measured at fair value</b>								
15.1	Bank balances	-	40,349	40,349				
	Dividend and profit receivable	-	2,836	2,836				
	Deposits	-	2,600	2,600				
		<u>-</u>	<u>45,785</u>	<u>45,785</u>				
<b>Financial liabilities not measured at fair value</b>								
15.1	Payable to the Management Company	-	2,161	2,161				
	Payable to the Trustee	-	105	105				
	Payable against redemption in units	-	14,096	14,096				
	Accrued expenses and other liabilities	-	1,884	1,884				
		<u>-</u>	<u>18,246</u>	<u>18,246</u>				

		June 30, 2019 (Audited)						
		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>								
	Investments	241,786	-	241,786	241,786	-	-	241,786
		<u>241,786</u>	<u>-</u>	<u>241,786</u>	<u>241,786</u>	<u>-</u>	<u>-</u>	<u>241,786</u>
<b>Financial assets not measured at fair value</b>								
15.1	Bank balances	-	24,030	24,030				
	Dividend and profit receivable	-	1,640	1,640				
	Receivable against sale of investments	-	5,002	5,002				
	Deposits	-	2,600	2,600				
		<u>-</u>	<u>33,272</u>	<u>33,272</u>				
<b>Financial liabilities not measured at fair value</b>								
15.1	Payable to the Management Company	-	856	856				
	Payable to the Trustee	-	58	58				
	Accrued expenses and other liabilities	-	1,819	1,819				
		<u>-</u>	<u>2,733</u>	<u>2,733</u>				

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

15.2 Transfers during the period

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

16 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the half year ended December 31, 2019 is 3.12% (2018: 1.85%) which includes 0.76% (2018: 0.21%) representing Government levy and SECP fee.

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17 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 13, 2020.

18 GENERAL

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

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

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **Islamic Financial Planning Fund**

## FUND INFORMATION

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



# MCB FINANCIAL SERVICES LIMITED

## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### HBL ISLAMIC FINANCIAL PLANNING FUND

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

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

1. HBL Asset Management Company Limited, the Management Company of HBL Islamic Financial Planning Fund has, in all material respects, managed HBL Islamic Financial Planning Fund during the period ended 31<sup>st</sup> December 2019 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Awar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: February 20, 2020



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

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

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Financial Planning Fund** ("the Fund") as at 31 December 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other Matter**

The figures for the three months period ended 31 December 2019 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The interim financial information of the Fund for the six months period ended 31 December 2018 and financial statements for the year ended 30 June 2019 were reviewed and audited by another firm of auditors whose reports dated 8 February 2019 and 26 August 2019 expressed an unmodified conclusion and opinion thereon respectively.

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

Date: 24 February 2020

Karachi

*KPMG Taseer Hadi & Co.*

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

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Assets And Liabilities (Un-audited)**  
*As at December 31, 2019*

	Note	December 31, 2019 (Un-Audited)					June 30, 2019 (Audited)				
		Active	Conservative	Strategic	Islamic Capital	Total	Active	Conservative	Strategic	Islamic Capital	Total
		Allocation Plan	Allocation Plan	Allocation Plan	Preservation Plan		Allocation Plan	Allocation Plan	Allocation Plan	Preservation Plan	
----- (Rupees in '000) -----											
<b>Assets</b>											
Bank balances	6	1,131	221	3,584	266,721	271,657	737	53	2,440	334,719	337,949
Investments	7	106,063	9,704	55,764	207,035	378,566	144,173	17,570	2,150,707	116,720	2,429,170
Accrued mark-up		8	1	2	2,577	2,588	3	4	11	3,406	3,424
Preliminary expenses and flotation costs	8	42	11	-	626	679	51	13	-	1,152	1,216
Receivable against sale of investments		-	-	-	-	-	-	245	-	-	245
Advances, deposits and other receivables	9	93	18	2	10	123	26	18	-	-	44
<b>Total assets</b>		<b>107,337</b>	<b>9,955</b>	<b>59,352</b>	<b>476,969</b>	<b>653,613</b>	<b>144,990</b>	<b>17,903</b>	<b>2,153,158</b>	<b>455,997</b>	<b>2,772,048</b>
<b>Liabilities</b>											
Payable to Management Company	10	20	2	10	2,172	2,204	13	2	413	2,216	2,644
Payable to Trustee		10	1	5	41	57	13	2	211	38	264
Payable to Securities and Exchange											-
Commission of Pakistan		12	2	19	45	78	191	23	3,910	334	4,458
Accrued expenses and other liabilities	11	524	104	2,075	1,351	4,054	136	65	2,871	10	3,082
Payable against redemption of units		-	-	-	-	-	-	244	-	-	244
<b>Total liabilities</b>		<b>566</b>	<b>109</b>	<b>2,109</b>	<b>3,609</b>	<b>6,393</b>	<b>353</b>	<b>336</b>	<b>7,405</b>	<b>2,598</b>	<b>10,692</b>
<b>Net assets</b>		<b>106,771</b>	<b>9,846</b>	<b>57,243</b>	<b>473,360</b>	<b>647,220</b>	<b>144,637</b>	<b>17,567</b>	<b>2,145,753</b>	<b>453,399</b>	<b>2,761,356</b>
<b>Unit holders' fund</b> (as per statement attached)		<b>106,771</b>	<b>9,846</b>	<b>57,243</b>	<b>473,360</b>	<b>647,220</b>	<b>144,637</b>	<b>17,567</b>	<b>2,145,753</b>	<b>453,399</b>	<b>2,761,356</b>
<b>CONTINGENCIES AND COMMITMENTS</b>											
----- (Units) -----											
Number of units in issue		<u>1,005,919</u>	<u>89,364</u>	<u>479,376</u>	<u>4,154,235</u>		<u>1,549,776</u>	<u>173,139</u>	<u>21,293,693</u>	<u>4,557,510</u>	
----- (Rupees) -----											
Net assets value per unit		<u>106.1426</u>	<u>110.1755</u>	<u>119.4124</u>	<u>113.9467</u>		<u>93.3275</u>	<u>101.4641</u>	<u>100.7694</u>	<u>99.4840</u>	

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

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

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

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

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

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Income Statement (Un-audited)**  
*For the six months period ended December 31, 2019*

	2019					2018					For the period from October 02, 2018 to December 31,
	Active	Conservative	Strategic	Islamic Capital	Total	Active	Conservative	Strategic	Islamic Capital	Total	
	Allocation Plan	Allocation Plan	Allocation Plan	Plan		Allocation Plan	Allocation Plan	Allocation Plan	Plan		
	(Rupees in '000)										
<b>Income</b>											
Net realised gain / (loss) on sale of investments calculated using effective yield method	3,199	708	10,328	6,696	20,931	(1,928)	138	(21,371)	(660)	(23,821)	
Dividend income	-	-	-	-	-	16	5	347	-	368	
Profit on deposits with banks calculated using effective yield method	44	11	239	18,417	18,711	38	5	39	7,249	7,331	
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial asset at fair value through profit or loss	12,321	524	7,902	39,330	60,077	(8,441)	184	(104,462)	(8,461)	(121,180)	
Back end load	-	-	-	352	352	-	-	60	11	71	
	15,564	1,243	18,469	64,795	100,071	(10,315)	332	(125,387)	(1,861)	(137,231)	
<b>Expenses</b>											
Remuneration to Management Company	7	2	65	1,583	1,657	7	1	-	968	976	
Remuneration of Trustee	63	8	89	228	388	116	14	1,724	121	1,975	
Annual fee to Securities and Exchange Commission of Pakistan	12	2	18	45	77	108	13	2,046	113	2,280	
Allocation of expenses related to registrar services, accounting, operation and valuation services	120	14	153	440	703	114	14	2,153	119	2,400	
Amortisation of preliminary expenses and flotation costs	9	2	-	526	537	8	2	1,159	237	1,406	
Auditors' remuneration	26	3	12	135	176	8	1	133	5	147	
Printing charges	8	-	-	8	16	-	-	-	-	-	
Settlement and bank charges	14	8	18	20	60	9	8	6	34	57	
Fees and subscription	2	3	1	8	14	1	-	11	-	12	
Shariah advisory fee	19	3	10	68	124	5	1	92	5	103	
	280	45	366	3,061	3,752	376	54	7,324	1,602	9,356	
<b>Net income / (loss) for the period from operating activities</b>	15,284	1,198	18,103	61,734	96,319	(10,691)	278	(132,711)	(3,463)	(146,587)	
Provision for Sindh Workers' Welfare Fund	(306)	(24)	(362)	(1,235)	(692)	-	(6)	-	-	(6)	
<b>Net income / (loss) for the period before taxation</b>	14,978	1,174	17,741	60,499	95,627	(10,691)	272	(132,711)	(3,463)	(146,593)	
Taxation	-	-	-	-	-	-	-	-	-	-	
<b>Net income / (loss) for the period after taxation</b>	14,978	1,174	17,741	60,499	95,627	(10,691)	272	(132,711)	(3,463)	(146,593)	
<b>Allocation of net income for the period after taxation</b>											
Net income for the period after taxation	14,978	1,174	17,741	60,499	-	-	272	-	-	-	
Income already paid on redemption of units	(2,917)	(419)	(8,805)	(968)	-	-	(110)	-	-	-	
Accounting income available for distribution	12,061	755	8,936	59,531	-	-	162	-	-	-	
<b>Accounting income available for distribution:</b>											
- Relating to capital gains	12,061	755	8,936	45,655	-	-	162	-	-	-	
- Excluding capital gains	-	-	-	13,876	-	-	-	-	-	-	
	12,061	755	8,936	59,531	-	-	162	-	-	-	

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

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

Chief Financial Officer

Chief Executive Officer

Director

# HBL Islamic Financial Planning Fund

## Condensed Interim Income Statement (Un-audited)

For the three months period ended December 31, 2019

	2019					2018					For the period from October 02, 2018 to December 31, 2018
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	
Note ----- (Rupees in '000) -----											
<b>INCOME</b>											
Net realised gain / (loss) on sale of investments calculated using effective yield method	2,653	709	1,059	8,641	13,062	(2,057)	44	(20,768)	(660)	(23,441)	
Dividend income	-	-	-	-	-	-	-	-	-	-	
Profit on deposits with banks calculated using effective yield method	29	8	169	8,588	8,794	18	5	23	7,249	7,295	
Net unrealised appreciation / (diminution) on remeasurement of investments classified as 'financial asset at fair value through profit or loss	13,294	306	5,752	38,887	58,239	(8,710)	(83)	(125,264)	(8,461)	(142,518)	
Back end load	-	-	-	59	59	-	-	60	11	71	
	15,976	1,023	6,980	56,175	80,154	(10,749)	(34)	(145,949)	(1,861)	(158,593)	
<b>Expenses</b>											
Remuneration to Management Company	4	2	-	715	721	3	-	-	968	971	
Remuneration of Trustee	31	4	14	116	165	53	6	858	121	1,038	
Annual fee to Securities and Exchange Commission of Pakistan	5	1	1	23	30	50	6	1,019	113	1,188	
Allocation of expenses related to registrar services, accounting, operation and valuation services	59	4	4	229	296	114	14	2,153	119	2,400	
Amortisation of preliminary expenses and flotation costs	4	1	-	240	245	(53)	(6)	77	237	255	
Auditors' remuneration	22	3	-	112	137	4	-	(440)	5	(431)	
Printing charges	8	-	-	8	16	(4)	(1)	(68)	-	(73)	
Settlement and bank charges	13	2	11	7	33	5	3	3	34	45	
Fees and subscription	2	3	1	4	10	1	-	8	-	9	
Shariah advisory fee	9	3	-	33	45	3	1	43	5	52	
	157	23	31	1,487	1,698	176	23	3,653	1,602	5,454	
<b>Net income / (loss) for the period from operating activities</b>	15,819	1,000	6,949	54,688	78,456	(10,925)	(57)	(149,602)	(3,463)	(164,047)	
Provision for Sindh Workers' Welfare Fund	(306)	(22)	(139)	(1,094)	(1,561)	5	1	338	-	344	
<b>Net income / (loss) for the period before taxation</b>	15,513	978	6,810	53,594	76,895	(10,920)	(56)	(149,264)	(3,463)	(163,703)	
Taxation	-	-	-	-	-	-	-	-	-	-	
<b>Net (loss) / income for the period after taxation</b>	15,513	978	6,810	53,594	76,895	(10,920)	(56)	(149,264)	(3,463)	(163,703)	
<b>Allocation of net income for the period after taxation</b>											
Net income for the period after taxation	15,513	978	6,810	53,594	76,895	(10,920)	(56)	(149,264)	(3,463)	(163,703)	
Income already paid on redemption of units	-	-	-	-	-	-	-	-	-	-	
Accounting income available for distribution	15,513	978	6,810	53,594	76,895	(10,920)	(56)	(149,264)	(3,463)	(163,703)	
<b>Accounting income available for distribution:</b>											
- Relating to capital gains	15,513	978	6,810	53,594	76,895	-	-	-	-	-	
- Excluding capital gains	-	-	-	-	-	-	-	-	-	-	
	15,513	978	6,810	53,594	76,895	-	-	-	-	-	

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

For HBL Asset Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Income Statement (Un-audited)**  
*For the six months period ended December 31, 2019*

	2019					2018					For the period from October 02, 2018 to December 31, 2018
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	
	----- (Rupees in '000) -----										
Net income / (loss) for the period after taxation	14,978	1,174	17,741	60,499	94,392	(10,691)	272	(132,711)	(3,463)	(146,593)	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>14,978</b>	<b>1,174</b>	<b>17,741</b>	<b>60,499</b>	<b>94,392</b>	<b>(10,691)</b>	<b>272</b>	<b>(132,711)</b>	<b>(3,463)</b>	<b>(146,593)</b>	

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

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

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

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

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

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Comprehensive Income (Un-audited)**  
*For the three months period ended December 31, 2019*

	2019					2018					For the period from October 02, 2018 to December 31, 2018
	Active	Conservative	Strategic	Islamic Capital	Total	Active Allocation	Conservative	Strategic	Islamic Capital	Total	
	Allocation Plan	Allocation Plan	Allocation Plan	Preservation Plan		Plan	Allocation Plan	Allocation Plan	Preservation Plan		
	----- (Rupees in '000) -----										
Net income / (loss) for the period after taxation	15,513	978	6,810	53,594	76,895	(10,920)	(56)	(149,264)	(3,463)	(163,703)	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	
<b>Total comprehensive income / (loss) for the period</b>	<b>15,513</b>	<b>978</b>	<b>6,810</b>	<b>53,594</b>	<b>76,895</b>	<b>(10,920)</b>	<b>(56)</b>	<b>(149,264)</b>	<b>(3,463)</b>	<b>(163,703)</b>	

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

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

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

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

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

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)**  
*For the six months period ended December 31, 2019*

	2019			2018		
	Active Allocation Plan			Active Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
<b>Net assets at beginning of the period</b>	155,916	(11,279)	144,637	245,177	1,734	246,911
Issuance of 504 units (2018: 24,044 units)						
- Capital value	47	-	47	2,414	-	2,414
- Element of income	3	-	3	15	-	15
Total proceeds on issuance of units	50	-	50	2,429	-	2,429
Redemption of 544,360 units (2018: 440,676 units)						
- Capital value	(50,803)	-	(50,803)	(44,250)	-	(44,250)
- Element of loss	826	(2,917)	(2,091)	56	-	56
Total payments on redemption of units	(49,977)	(2,917)	(52,894)	(44,194)	-	(44,194)
Net income for the period	-	14,978	14,978	-	(10,691)	(10,691)
Total comprehensive income for the period	-	14,978	14,978	-	(10,691)	(10,691)
<b>Net assets at end of the period</b>	<b>105,989</b>	<b>782</b>	<b>106,771</b>	<b>203,412</b>	<b>(8,957)</b>	<b>194,455</b>
<b>Undistributed income brought forward</b>						
- Realised income		443			5,405	
- Unrealised loss		(11,722)			(3,671)	
		(11,279)			1,734	
<b>Accounting income available for distribution</b>						
- Relating to capital gain		12,061			-	
- Excluding capital gain		-			-	
		12,061			-	
Net loss for the period after taxation		-			(10,691)	
<b>Undistributed income carried forward</b>		<b>782</b>			<b>(8,957)</b>	
<b>Undistributed income carried forward comprises of:</b>						
- Realised loss		(11,539)			(516)	
- Unrealised income / (loss)		12,321			(8,441)	
		782			(8,957)	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<b>93.3275</b>			<b>100.4143</b>
<b>Net assets value per unit at end of the period</b>			<b>106.1426</b>			<b>95.2140</b>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)**  
*For the six months period ended December 31, 2019*

	2019			2018		
	Conservative Allocation Plan			Conservative Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at beginning of the period</b>	16,974	593	17,567	35,957	589	36,546
Issuance of Nil units (2018: 6,286 units)						
- Capital value	-	-	-	637	-	637
- Element of income	-	-	-	12	-	12
Total proceeds on issuance of units	-	-	-	649	-	649
Redemption of 83,776 units (2018: 126,711 units)						
- Capital value	(8,500)	-	(8,500)	(12,850)	-	(12,850)
- Element of loss	24	(419)	(395)	3	(110)	(107)
Total payments on redemption of units	(8,476)	(419)	(8,895)	(12,847)	(110)	(12,957)
Net income for the period	-	1,174	1,174	-	272	272
Total comprehensive income for the period	-	1,174	1,174	-	272	272
<b>Net assets at end of the period</b>	<b>8,498</b>	<b>1,348</b>	<b>9,846</b>	<b>23,759</b>	<b>751</b>	<b>24,510</b>
<b>Undistributed income brought forward</b>						
- Realised income		1,205			909	
- Unrealised loss		(612)			(320)	
		593			589	
<b>Accounting income available for distribution</b>						
- Relating to capital gain		755			162	
- Excluding capital gain		-			-	
		755			162	
<b>Undistributed income carried forward</b>		<b>1,348</b>			<b>751</b>	
<b>Undistributed income carried forward comprises of:</b>						
- Realised income		824			567	
- Unrealised income		524			184	
		1,348			751	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<b>101.4641</b>			<b>101.4151</b>
<b>Net assets value per unit at end of the period</b>			<b>110.1755</b>			<b>102.1530</b>

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

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)**  
*For the six months period ended December 31, 2019*

	2019			2018		
	Strategic Allocation Plan			Strategic Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
<b>Net assets at beginning of the period</b>	2,116,865	28,888	2,145,753	4,219,284	63,074	4,282,358
Issuance of Nil units (2018: Nil units)						
- Capital value	-	-	-	-	-	-
- Element of income	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-
Redemption of 20,814,317 units (2018: 119,386 units)						
- Capital value	(2,097,446)	-	(2,097,446)	(12,117)	-	(12,117)
- Element of loss	-	(8,805)	(8,805)	83	-	83
Total payments on redemption of units	(2,097,446)	(8,805)	(2,106,251)	(12,034)	-	(12,034)
Net income for the period	-	17,741	17,741	-	(132,711)	(132,711)
Total comprehensive income for the period	-	17,741	17,741	-	(132,711)	(132,711)
<b>Net assets at end of the period</b>	<b>19,419</b>	<b>37,824</b>	<b>57,243</b>	<b>4,207,250</b>	<b>(69,637)</b>	<b>4,137,613</b>
<b>Undistributed income brought forward</b>						
- Realised (loss) / income		(11,617)			114,191	
- Unrealised income / (loss)		40,505			(51,117)	
		28,888			63,074	
<b>Accounting income available for distribution</b>						
- Relating to capital gain		8,936			-	
- Excluding capital gain		-			-	
		8,936			-	
Net loss for the period after taxation					(132,711)	
<b>Undistributed income carried forward</b>		<b>37,824</b>			<b>(69,637)</b>	
<b>Undistributed income carried forward comprises of:</b>						
- Realised income		29,922			34,825	
- Unrealised income		7,902			(104,462)	
		37,824			(69,637)	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<b>100.7694</b>			<b>101.4938</b>
<b>Net assets value per unit at end of the period</b>			<b>119.4124</b>			<b>98.3145</b>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Movement In Unitholders' Fund (Un-audited)**  
*For the six months period ended December 31, 2019*

	2019			For the period from October 02, 2018 to December 31, 2018		
	Islamic Capital Preservation Plan			Islamic Capital Preservation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
<b>Net assets at beginning of the period</b>	455,908	(2,509)	453,399	-	-	-
Issuance of Nil units (2018: 4,731,620 units)						
- Capital value	-	-	-	473,162	-	473,162
- Element of loss	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	473,162	-	473,162
Redemption of 20,814,317 units (2018: 119,386 units)						
- Capital value	(40,120)	-	(40,120)	(1,050)	-	(1,050)
- Element of loss	550	(968)	(418)	(10)	-	(10)
Total payments on redemption of units	(39,570)	(968)	(40,538)	(1,060)	-	(1,060)
Net income for the period	-	60,499	60,499	-	(3,463)	(3,463)
Total comprehensive income for the period	-	60,499	60,499	-	(3,463)	(3,463)
<b>Net assets at end of the period</b>	<b>416,338</b>	<b>57,022</b>	<b>473,360</b>	<b>472,102</b>	<b>(3,463)</b>	<b>468,639</b>
<b>Undistributed income brought forward</b>						
- Realised income		21,387			-	
- Unrealised loss		(23,896)			-	
		(2,509)			-	
<b>Accounting income available for distribution</b>						
- Relating to capital gain		45,655			-	
- Excluding capital gain		13,876			-	
		59,531				
Net loss for the period after taxation					(3,463)	
<b>Accumulated loss carried forward</b>		<b>57,022</b>			<b>(3,463)</b>	
<b>Undistributed income carried forward comprises of:</b>						
- Realised income		17,692			4,998	
- Unrealised income		39,330			(8,461)	
		57,022			(3,463)	
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the period</b>			<b>99.4840</b>			<b>100.0000</b>
<b>Net assets value per unit at end of the period</b>			<b>113.9467</b>			<b>99.2644</b>

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

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

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Financial Planning Fund**  
**Condensed Interim Statement Of Cash Flow (Un-audited)**  
*For the six months period ended December 31, 2019*

Note	2019					2018					For the period from October 02, 2018 to December 31, 2018
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	
	(Rupees in '000)										
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Net (loss) / income for the period before taxation	14,978	1,174	17,741	60,499	94,392	(10,691)	272	(132,711)	(3,463)	(146,593)	
<b>Adjustments for:</b>											
Net realised gain / (loss) on sale of investments calculated using effective yield method	(3,199)	(708)	(10,328)	(6,696)	(20,931)	1,928	(138)	21,371	660	23,821	
Profit on deposits with banks calculated using effective yield method	(44)	(11)	(239)	(18,417)	(18,711)	(38)	(5)	(39)	(7,249)	(7,331)	
Net unrealised appreciation / (diminution) on remeasurement of investments classified as financial asset at fair value through profit or loss	(12,321)	(524)	(7,902)	(39,330)	(60,077)	8,441	(184)	104,462	8,461	121,180	
Amortisation of preliminary expenses and flotation costs	9	2	-	526	537	8	2	1,159	237	1,406	
	(577)	(67)	(728)	(3,418)	(4,790)	(352)	(53)	(5,758)	(1,354)	(7,517)	
<b>Decrease / (increase) in assets</b>											
Investments	53,630	9,098	2,113,173	(44,289)	2,131,612	41,508	12,333	19,698	(141,000)	(67,461)	
Preliminary expenses and flotation costs	-	-	-	-	-	-	-	-	(1,861)	(1,861)	
Advances	(67)	-	(2)	(10)	(79)	(4)	(6)	(200)	(72)	(282)	
	53,563	9,098	2,113,171	(44,299)	2,131,533	41,504	12,327	19,498	(142,933)	(69,604)	
<b>(Decrease) / increase in liabilities</b>											
Payable to Management Company	7	-	(403)	(44)	(440)	(293)	(1)	-	2,265	1,971	
Payable to Trustee	(3)	(1)	(206)	3	(207)	(4)	-	2	41	39	
Payable to Securities and Exchange Commission of Pakistan	(179)	(21)	(3,891)	(289)	(4,380)	(134)	(32)	(2,009)	113	(2,062)	
Accrued expenses and other liabilities	388	40	(796)	1,341	973	33	100	(94)	6	45	
	213	18	(5,296)	1,011	(4,054)	(398)	67	(2,101)	2,425	(7)	
Cash generated from / (used in) operations	53,199	9,049	2,107,147	(46,706)	2,122,689	40,754	12,341	11,639	(141,862)	(77,128)	
Profit received on bank deposits	39	14	248	19,246	19,547	46	11	44	4,614	4,715	
Net cash generated from / (used in) operating activities	53,238	9,063	2,107,395	(27,460)	2,142,236	40,800	12,352	11,683	(137,248)	(72,413)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Amount received on issue of units	50	-	-	-	50	2,429	649	-	473,162	476,240	
Amount paid on redemption of units	(52,894)	(8,895)	(2,106,251)	(40,538)	(2,208,578)	(44,194)	(12,957)	(12,034)	(1,060)	(70,245)	
Net cash (used in) / generated from financing activities	(52,844)	(8,895)	(2,106,251)	(40,538)	(2,208,528)	(41,765)	(12,308)	(12,034)	472,102	405,995	
Net increase / (decrease) in cash and cash equivalents	394	168	1,144	(67,998)	(66,292)	(965)	44	(351)	334,854	333,582	
Cash and cash equivalents at the beginning of the period	737	53	2,440	334,719	337,949	1,721	199	1,046	-	2,966	
Cash and cash equivalents at the end of the period	1,131	221	3,584	266,721	271,657	756	243	695	334,854	336,548	

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

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

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Islamic Financial Planning Fund**

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

### ***For The Nine Months And Period Ended March 31, 2019***

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

HBL Islamic Financial Planning Fund (the "Fund"), was established under the Trust Deed executed between HBL Asset Management Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed on March 22, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 4, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton. The Fund commenced its operations from June 17, 2017.

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

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

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

VIS Credit Rating Company has assigned a management quality rating of 'AM2+' (AM Two Plus) to the Management Company.

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

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## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2019.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

## 4. USE OF ESTIMATES AND JUDGEMENTS

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2019.

## 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2019.

## 6. BANK BALANCES

	Note	December 31, 2019					June 30, 2019				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
		(Rupees in '000)									
Savings accounts	6.1	1,131	221	3,584	266,721	271,657	737	53	2,440	334,719	337,949

6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 5.00% to 13.25% (June 30, 2019: 3.60% to 5.60%) per annum.

## 7. INVESTMENTS

	Note	December 31, 2019					June 30, 2019				
		Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
		(Rupees in '000)									
Units of mutual funds	7.1	106,063	9,704	55,764	207,035	378,566	144,173	17,570	2,150,707	116,720	2,429,170

### 7.1 Units of mutual funds

Name of Investee Funds	As at July 1, 2019	Purchases during the period	Bonus / Rights issue	Redemptions during the period	As at December 31, 2019	Cost of holdings as at December 31, 2019	Market value as at December 31, 2019	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Market value as a percentage of Net Asset of the Investee Fund
(Number of units)					(Rupees in '000)		%			
<b>Active Allocation Plan</b>										
HBL Islamic Income Fund	838,440	120,314	-	508,053	450,701	45,890	48,317	45.56%	45.25%	3.65%
HBL Islamic Equity Fund	302,592	129,551	-	32,912	399,231	30,706	36,912	34.00%	34.57%	7.78%
HBL Islamic Stock Fund	393,090	22,212	-	226,956	188,346	17,147	20,834	20.44%	19.51%	3.04%
HBL Islamic Dedicated Equity Fund	-	161,125	-	161,125	-	-	-	-	-	-
	1,534,122	433,202	-	929,046	1,038,278	93,743	106,063	100.00%	99.33%	14.47%
<b>Conservative Allocation Plan</b>										
HBL Islamic Income Fund	140,026	36,609	-	105,737	70,898	1,731	7,710	79.45%	78.31%	0.58%
HBL Islamic Equity Fund	40,622	9,576	-	28,637	21,561	7,448	1,994	20.55%	20.25%	0.42%
HBL Islamic Stock Fund	2,721	6,980	-	9,701	-	-	-	-	-	-
	183,369	53,165	-	144,075	92,459	9,179	9,704	100.00%	98.56%	1.00%
<b>Strategic Allocation Plan</b>										
HBL Islamic Income Fund	21,203,994	44,860	-	20,998,391	250,463	25,423	26,850	48.15%	46.91%	2.03%
HBL Islamic Equity Fund	-	129,551	-	3,662	125,889	9,717	11,639	20.87%	20.33%	0.40%
HBL Islamic Dedicated Equity Fund	-	241,688	-	70,852	170,836	12,723	17,275	30.98%	30.18%	2.03%
	21,203,994	416,099	-	21,072,905	547,188	47,863	55,764	100.00%	97.42%	4.46%
<b>Islamic Capital Preservation Plan</b>										
HBL Islamic Dedicated Equity Fund	1,390,638	2,518,656	-	1,861,892	2,047,402	167,704	207,035	100.00%	43.74%	92.30%
HBL Islamic Money Market Fund	1,409	-	-	1,409	-	-	-	-	-	-
	1,392,047	2,518,656	-	1,863,301	2,047,402	167,704	207,035	100.00%	43.74%	92.30%
<b>Total as at December 31, 2019</b>	<b>24,313,532</b>	<b>3,421,122</b>	<b>-</b>	<b>24,009,327</b>	<b>3,725,327</b>	<b>318,489</b>	<b>378,566</b>			

## 8. PRELIMINARY EXPENSES AND FLOATATION COSTS

	December 31, 2019					June 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
Note	(Rupees in '000)					(Rupees in '000)				
Opening balance	51	13	-	1,152	1,216	68	18	2,248	-	2,334
Add: cost incurred during the period	-	-	-	-	-	30	30	30	1,860	1,950
Less: amortised during the period	(9)	(2)	-	(526)	(537)	(47)	(35)	(2,278)	(708)	(3,068)
Closing balance	42	11	-	626	679	51	13	-	1,152	1,216

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

## 9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	December 31, 2019					June 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)					(Rupees in '000)				
Advance tax	91	18	-	-	109	26	18	-	-	44
Others	2	-	2	10	14	-	-	-	-	-
	93	18	2	10	123	26	18	-	-	44

## 10. PAYABLE TO THE MANAGEMENT COMPANY

	December 31, 2019					June 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)					(Rupees in '000)				
Formation cost	-	-	-	1,860	1,860	-	-	-	1,860	1,860
Management fee	1	-	-	192	193	1	-	132	276	409
Sindh Sales Tax	-	-	-	33	33	-	-	17	36	53
Allocation of expenses related to registrar services, accounting, operation and valuation services	19	2	10	80	111	12	2	264	37	315
Sales load payable	-	-	-	7	7	-	-	-	7	7
	20	2	10	2,172	2,204	13	2	413	2,216	2,644

## 11. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2019					June 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
Note	(Rupees in '000)					(Rupees in '000)				
Withholding tax	2	-	-	-	2	2	43	-	-	45
Provision for Workers' Welfare Fund	387	42	1,969	1,235	3,633	81	18	1,607	-	1,706
Shariah advisory fee	3	1	23	9	36	1	-	11	1	13
Printing Charges	-	56	70	-	126	1	-	79	-	80
Auditors' remuneration	26	2	13	107	148	11	1	200	9	221
Other payables	106	3	-	-	109	40	3	974	-	1,017
	524	104	2,075	1,351	4,054	136	65	2,871	10	3,082

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11.1 Provision for Workers' Welfare Fund

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

The Fund has recognised provision for SWWF amounting to Rs. 0.306 million, Rs. 0.024 million, Rs. 0.362 million and Rs. 1.235 million (June 30, 2019 Rs. Nil million, Rs. 0.006 million, Rs. Nil million and Rs. Nil million) for Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan respectively in this condensed interim financial information. Had the provision not been made, the Net Asset Value per unit at December 31, 2019 would have been higher by Rs. 0.29, Rs. 0.024, Rs. 0.63 and Rs. 0.26 (June 30, 2019 Rs. Nil, Rs. 0.03, Rs. Nil and Rs. Nil) per unit for Active Allocation Plan, Conservative Allocation Plan and Strategic Allocation Plan respectively.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019 except those disclosed already.

13. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2020 to its unit holders.

14. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

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

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

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

#### 14.1 Transactions during the period

	Half year ended December 31, 2019					Half year ended December 31, 2018				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)									
<b>HBL Asset Management Limited - Management Company</b>										
Management fee	7	2	65	1,583	1,657	7	1	-	968	976
Allocation of expenses related to registrar services, accounting, operation and valuation services	120	14	153	440	703	114	14	2,153	119	2,400
<b>Habib Bank Limited - Sponsor</b>										
Bank charges	14	11	15	20	60	9	8	6	1	24
Profit earned during the period	32	1	131	94	258	29	5	14	580	628
<b>MCB Financial Services Limited</b>										
Remuneration	63	8	89	228	388	116	14	1,724	121	1,975
<b>Collective investment scheme managed by Management Company</b>										
<b>HBL Islamic Income Fund</b>										
Purchase of 201,783 units (2018: 9,065,507 units)	12,477	3,989	4,597	-	21,063	22,777	1,822	800,347	-	824,946
Redemption of 21,612,181 units (2018: 661,708 units)	52,914	11,154	2,139,641	-	2,203,709	39,085	10,785	633,680	-	683,550
<b>HBL Islamic Equity Fund</b>										
Purchase of 268,678 units (2018: 8,735 units)	10,000	820	10,000	-	20,820	-	776	-	-	776
Redemption of 65,211 units (2018: 7,781,351 units)	3,000	2,482	297	-	5,779	2,418	2,518	690,000	-	694,936
<b>HBL Islamic Stock Fund</b>										
Purchase of 29,192 units (2018: 869,952 units)	1,933	578	-	-	2,511	400	105	100,000	-	100,505
Redemption of 236,657 units (2018: 264,776 units)	21,503	850	-	-	22,353	25,370	370	3,365	-	29,105
<b>HBL Islamic Dedicated Equity Fund</b>										
Purchase of 2,921,469 units (2018: 6,851,586 units)	12,000	-	18,000	200,000	230,000	22,000	-	517,000	165,000	704,000
Redemption of 2,093,869 units (2018: 1,580,821 units)	12,623	-	5,830	155,558	174,011	19,811	-	110,000	24,000	153,811
<b>HBL Islamic Money Market Fund</b>										
Redemption of 1,409 units (2018: Nil units)	-	-	-	142,349	142,349	-	-	-	-	-

#### 14.2 Amounts outstanding as at period end

	December 31, 2019					June 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)									
<b>HBL Asset Management Limited - Management Company</b>										
Management Fee	1	-	-	192	193	1	-	132	276	409
Sindh Sales Tax	-	-	-	33	33	-	-	17	36	53
Formation cost	-	-	-	1,860	1,860	-	-	-	1,860	1,860
Allocation of expenses related to registrar services, accounting, operation and valuation services	19	2	10	80	111	12	2	264	37	315
Sales load payable	-	-	-	7	7	-	-	-	7	7
<b>MCB Financial Services Limited</b>										
Remuneration payable	9	1	4	36	50	103	12	1,526	107	1,748
Sindh Sales Tax	1	-	1	5	7	13	2	198	14	227
<b>HBL Asset Management Limited - Employees Provident Fund</b>										
Investment held in the Fund : 11,575 units (June 30, 2019 : 11,575 units)	1,229	-	-	-	1,229	1,080	-	-	-	1,080
<b>New Jubilee Life Insurance Co. Limited Staff Provident Fund</b>										
Investment held in the Fund : 50,009 units (June 30, 2019 : 50,009 units)	-	-	-	5,698	5,698	-	-	-	4,975	4,975
<b>Habib Bank Staff Behbood Fund</b>										
Investment held in the Fund : 684,657 units (June 30, 2019 : 684,657 units)	-	-	-	78,014	78,014	-	-	-	68,112	68,112
<b>Pakistan Society for the Welfare of Mentally Retarded Children</b>										
Investment held in the Fund : 811,054 units (June 30, 2019 : 811,054 units)	-	-	-	92,417	92,417	-	-	-	80,687	80,687
<b>Barrett Hodgson Pakistan (Private) Limited</b>										
Investment held in the Fund : 1002,789 units (June 30, 2019 : 1002,789 units)	-	-	-	114,264	114,264	-	-	-	6,169	6,169
<b>Connected person due to 10% holding or more</b>										
<b>Falak Naz</b>										
Investment held in the Fund : 34,638 units (June 30, 2019 : 34,638 units)	-	3,816	-	-	3,816	-	356,595	-	-	356,595
<b>Ambreen Salman</b>										
Investment held in the Fund : 126,603 units (June 30, 2019 : 126,603 units)	13,438	-	-	-	13,438	11,816	-	-	-	11,816
<b>Rubina Siddique</b>										
Investment held in the Fund : 103,884 units (June 30, 2019 : 103,884 units)	11,022	-	-	-	11,022	9,602	-	-	-	9,602
<b>Shehnaz Zeeshan</b>										
Investment held in the Fund : 126,244 units (June 30, 2019 : 126,244 units)	13,400	-	-	-	13,400	11,782	-	-	-	11,782

	December 31, 2019					June 30, 2019				
	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Strategic Allocation Plan	Islamic Capital Preservation Plan	Total
	----- (Rupees in '000) -----									
<b>Ahmed Salahuddin</b>										
Investment held in the Fund : 14,931 units (June 30, 2019 : 14,931 units)	-	1,645	-	-	1,645	-	1,515	-	-	1,515
<b>Waqar Ali Zafar</b>										
Investment held in the Fund : 13,420 units (June 30, 2019 : 13,420 units)	-	1,479	-	-	1,479	-	1,362	-	-	1,362
<b>Naseer Ahmed</b>										
Investment held in the Fund : 10,099 units (June 30, 2019 : 10,099 units)	-	1,113	-	-	1,113	-	1,025	-	-	1,025
<b>Mubashir Hasan</b>										
Investment held in the Fund : 220,773 units (June 30, 2019 : 220,773 units)	-	-	26,363	-	26,363	-	-	22,247	-	22,247
<b>Pak-Qatar Takaful</b>										
Investment held in the Fund : 200,839 units (June 30, 2019 : 200,839 units)	-	-	23,983	-	23,983	-	-	20,238	-	20,238

## 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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



		Held by Conservative Allocation Plan							
		December 31, 2019							
Note		Carrying Amount			Total	Fair Value			Total
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost		Level 1	Level 2	Level 3	
(Rupees in'000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Investments - Units of Mutual Funds	9,704	-	-	9,704	9,704	-	-	9,704
		<u>9,704</u>	<u>-</u>	<u>-</u>	<u>9,704</u>				
<b>Financial assets not measured at fair value</b>									
15.1	Bank balances	-	-	221	221				
	Accrued mark-up	-	-	1	1				
	Preliminary expenses and flotation costs	-	-	11	11				
	Advances, deposits and other receivables	-	-	18	18				
		<u>-</u>	<u>-</u>	<u>251</u>	<u>251</u>				
<b>Financial liabilities not measured at fair value</b>									
15.1	Payable to Management Company	-	-	2	2				
	Payable to Trustee	-	-	1	1				
	Accrued expenses and other liabilities	-	-	62	62				
		<u>-</u>	<u>-</u>	<u>65</u>	<u>65</u>				

		Held by Conservative Allocation Plan							
		June 30, 2019							
Note		Carrying Amount			Total	Fair Value			Total
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost		Level 1	Level 2	Level 3	
(Rupees in'000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Investments - Units of Mutual Funds	17,570	-	-	17,570	17,570	-	-	17,570
		<u>17,570</u>	<u>-</u>	<u>-</u>	<u>17,570</u>				
<b>Financial assets not measured at fair value</b>									
15.1	Bank balances	-	-	53	53				
	Accrued mark-up	-	-	4	4				
	Preliminary expenses and flotation costs	-	-	13	13				
	Receivable against sale of investments	-	-	245	245				
	Advances, deposits and other receivables	-	-	18	18				
		<u>-</u>	<u>-</u>	<u>333</u>	<u>333</u>				
<b>Financial liabilities not measured at fair value</b>									
15.1	Payable to Management Company	-	-	2	2				
	Payable to Trustee	-	-	2	2				
	Accrued expenses and other liabilities	-	-	4	4				
	Payable against redemption of units	-	-	4	4				
		<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>				

		Held by Strategic Allocation Plan							
		December 31, 2019							
		Carrying Amount				Fair Value			
Note		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in'000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Investments - Units of Mutual Funds	55,764	-	-	55,764	55,764	-	-	55,764
		<u>55,764</u>	<u>-</u>	<u>-</u>	<u>55,764</u>				
<b>Financial assets not measured at fair value</b>									
15.1	Bank balances	-	-	3,584	3,584				
	Accrued mark-up	-	-	2	2				
	Preliminary expenses and flotation costs	-	-	-	-				
	Advances, deposits and other receivables	-	-	2	2				
		<u>-</u>	<u>-</u>	<u>3,588</u>	<u>3,588</u>				
<b>Financial liabilities not measured at fair value</b>									
15.1	Payable to Management Company	-	-	10	10				
	Payable to Trustee	-	-	5	5				
	Accrued expenses and other liabilities	-	-	106	106				
		<u>-</u>	<u>-</u>	<u>121</u>	<u>121</u>				

		Held by Strategic Allocation Plan							
		June 30, 2019							
		Carrying Amount				Fair Value			
Note		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in'000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
	Investments - Units of Mutual Funds	2,150,707	-	-	2,150,707	2,150,707	-	-	2,150,707
		<u>2,150,707</u>	<u>-</u>	<u>-</u>	<u>2,150,707</u>				
<b>Financial assets not measured at fair value</b>									
15.1	Bank balances	-	-	2,440	2,440				
	Accrued mark-up	-	-	11	11				
		<u>-</u>	<u>-</u>	<u>2,451</u>	<u>2,451</u>				
<b>Financial liabilities not measured at fair value</b>									
15.1	Payable to Management Company	-	-	413	413				
	Payable to Trustee	-	-	211	211				
	Accrued expenses and other liabilities	-	-	1,264	1,264				
		<u>-</u>	<u>-</u>	<u>1,888</u>	<u>1,888</u>				

Held by Islamic Capital Preservation Plan								
December 31, 2019								
Note	Carrying Amount				Fair Value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	Investments - Units of Mutual Funds	207,035	-	-	207,035	-	-	207,035
<b>Financial assets not measured at fair value</b>								
13.1	Bank balances	-	-	266,721				266,721
	Accrued mark-up	-	-	2,577				2,577
	Preliminary expenses and flotation costs	-	-	626				626
	Advances, deposits and other receivables	-	-	10				10
<b>Financial liabilities not measured at fair value</b>								
13.1	Payable to Management Company	-	-	2,172				2,172
	Payable to Trustee	-	-	41				41
	Accrued expenses and other liabilities	-	-	116				116

Held by Islamic Capital Preservation Plan								
June 30, 2019								
Note	Carrying Amount				Fair Value			
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	Investments - Units of Mutual Funds	116,720	-	-	116,720	-	-	116,720
<b>Financial assets not measured at fair value</b>								
15.1	Bank balances	-	-	334,719				334,719
	Accrued mark-up	-	-	3,406				3,406
	Preliminary expenses and flotation costs	-	-	1,152				1,152
<b>Financial liabilities not measured at fair value</b>								
15.1	Payable to Management Company	-	-	2,216				2,216
	Payable to Trustee	-	-	38				38
	Accrued expenses and other liabilities	-	-	10				10

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

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

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16 TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2019 is 0.48%, 0.50%, 0.40% and 0.97% (December 31, 2018 : 0.26%, 0.27%, 0.34% and 0.35%) which includes 0.27%, 0.18%, 0.22% and 0.34% (December 31, 2018 : 0.07%, 0.04%, 0.10% and 0.02%) for Active Allocation Plan, Conservative Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan representing government levy, Sindh Worker's Welfare Fund and SECP fee. As per S.R.O 639 (I)/2019, the limit towards expense ratio has been revised from 4.00% to 4.50% for Equity, Balanced, Asset Allocation and Capital protected (dynamic asset allocation-direct exposure).

17 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 13, 2020.

18 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**

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# **HBL**

## **HBL Islamic Dedicated Equity Fund**

## FUND INFORMATION

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Name of Fund	HBL Islamic Dedicated Equity Fund
Name of Auditor	Deloitte Yousuf Adil Chartered Accountants
Name of Trustee	MCB Financial Services Limited
Bankers	Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Allied Bank Limited



## MCB FINANCIAL SERVICES LIMITED

### REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

#### HBL ISLAMIC DEDICATED EQUITY FUND

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

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

1. HBL Asset Management Company Limited, the Management Company of HBL Islamic Dedicated Equity Fund has, in all material respects, managed HBL Islamic Dedicated Equity Fund during the period ended 31<sup>st</sup> December 2019 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: February 20, 2020

## Auditors' report to the unit holders on review of Condensed interim financial information

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Dedicated Equity Fund** (the Fund) as at December 31, 2019, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2019 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

### Scope of Review

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

### Conclusion

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

  
Chartered Accountants

**Engagement Partner**  
Hena Sadiq

**Date:** February 25, 2020  
**Place:** Karachi

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Assets and Liabilities (Un-Audited)**  
*As at December 31, 2019*

	Note	(Un-Audited) December 31, 2019 (Rupees in '000)	(Audited) June 30, 2019
<b>Assets</b>			
Bank balances	4	3,510	6,975
Investments	5	214,590	102,392
Dividend and profit receivable		922	1,590
Preliminary expenses and floatation costs		825	935
Advances and deposits	6.	5,268	4,202
Receivable against sale of investment		3,409	3,116
<b>Total Assets</b>		<b>228,524</b>	<b>119,210</b>
<b>Liabilities</b>			
Payable to the Management Company	7	941	475
Payable to the Trustee		24	10
Payable to Securities and Exchange Commission of Pakistan		18	282
Payable against Formation cost		1,100	1,100
Accrued expenses and other liabilities	8	2,131	763
<b>Total liabilities</b>		<b>4,214</b>	<b>2,630</b>
<b>Net assets</b>		<b>224,310</b>	<b>116,580</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>224,310</b>	<b>116,580</b>
<b>Contingencies and commitments</b>	9		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>2,218,237</b>	<b>1,390,638</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>101.1208</b>	<b>83.8322</b>

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

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

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

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

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

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Income Statement (Un-Audited)**  
*For the half year ended December 31, 2019*

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2019	2018	2019	2018
		----- Rupees in '000 -----			
<b>Income</b>					
Dividend income		5,769	4,384	2,871	4,384
Profit on bank deposits		817	1,028	457	1,028
Capital gain / (loss) on sale of investments - net		12,962	(13,028)	14,096	(13,028)
		19,548	(7,616)	17,424	(7,616)
Net unrealised gain/(loss) on re-measurement of investments classified at fair value through profit or loss - held-for-trading		37,757	(42,433)	37,413	(42,433)
		57,305	(50,049)	54,837	(50,049)
<b>Expenses</b>					
Remuneration of the Management Company		1,992	2,688	1,244	2,688
Remuneration of the Trustee		141	121	79	121
Annual fee to Securities and Exchange Commission of Pakistan		18	113	11	113
Selling and marketing expenses		675	476	412	476
Allocation of expenses related to registrar services, accounting, operation and valuation services		212	119	88	119
Securities transaction costs		707	-	208	-
Auditors' remuneration		139	79	76	79
Settlement and bank charges		260	169	153	169
Shariah advisory fee		102	47	102	47
Other expenses		261	1,565	154	1,565
		4,508	5,377	2,528	5,377
		52,797	(55,426)	52,309	(55,426)
Provision for Sindh Workers' Welfare Fund	10	(1,056)	-	(1,055)	-
<b>Net income / (loss) for the period before taxation</b>		51,741	(55,426)	51,254	(55,426)
Taxation	10	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		51,741	(55,426)	51,254	(55,426)
<b>Allocation of net income for the period</b>					
Income already paid on redemption of units		3,551	-	3,551	-
Accounting income available for distribution:					
- Relating to capital gains		47,168	-	47,958	-
- Excluding capital gains		1,022	-	(255)	-
		48,190		47,703	
		51,741	(55,426)	51,254	(55,426)

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

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

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

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

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

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
*For the half year ended December 31, 2019*

	Half year ended December 31,		Quarter ended, December 31,	
	2019	2018	2019	2018
	----- Rupees in '000 -----			
Net income / (loss) for the period after taxation	51,741	(55,426)	51,254	(55,426)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>51,741</b>	<b>(55,426)</b>	<b>51,254</b>	<b>(55,426)</b>

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

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

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

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

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

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Statement of Movement in Unit Holders' Fund**  
*For the half year ended December 31, 2019*

	Half year ended						
	2019			2018			
	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total
	(Rupees in '000)						
<b>Net assets at beginning of the period</b>	208,720	(92,140)	116,580	-	-	-	-
Issue of units 2,921,469 (2018: 6,851,583 units)			-				-
- Capital value (at net asset value per unit at the beginning of the period)	244,913	-	244,913	685,158	-	-	685,158
- Element of loss	(14,913)	-	(14,913)	18,842	-	-	18,842
Total proceeds on issuance of units	3.6 230,000	-	230,000	704,000	-	-	704,000
Redemption of 2,093,870 units (2018: 1,580,819 units)							
- Capital value (at net asset value per unit at the beginning of the period)	(175,534)	-	(175,534)	(158,082)	-	-	(158,082)
- Amount paid out of element of income relating to net income for the year after taxation	5,073	(3,551)	1,522	4,271	-	-	4,271
Total payments on redemption of units	3.6 (170,461)	(3,551)	(174,011)	(153,811)	-	-	(153,811)
transferred to distribution statement	3.6 -	-	-	-	-	-	-
Total comprehensive income for the period	-	51,741	51,741	-	(55,426)	-	(55,426)
<b>Net assets at end of the period</b>	268,259	(43,950)	224,310	550,189	(55,426)	-	494,763
<b>Accumulated loss brought forward</b>							
- Realised		(92,140)			-		
- Unrealised		-			-		
		(92,140)			-		
Accounting income available for distribution							
- Relating to capital gains		47,168					
- Excluding capital gains		1,022					
		48,190			(55,426)		
Distribution during the period		-			-		
		(43,950)			(55,426)		
<b>Undistributed income carried forward</b>							
- Realised		(81,707)			(12,993)		
- Unrealised		37,757			(42,433)		
		(43,950)			(55,426)		
			Rupees				Rupees
<b>Net assets value per unit at beginning of the period</b>			83.8322				-
<b>Net assets value per unit at end of the period</b>			101.1208				93.8692

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

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

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

**HBL Islamic Dedicated Equity Fund**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the half year ended December 31, 2019*

	Note	Half year ended December 31,	
		2019	2018
		(Rupees in '000)	
<b>Cash flows from operating activities</b>			
Net income/(loss) for the period before taxation		51,741	(55,426)
<b>Adjustments</b>			
Capital (loss) / gain during the period		(12,962)	13,028
Dividend Income		(5,769)	(4,561)
Profit on bank deposits		(817)	(1,028)
Unrealised diminution on re-measurement of investments classified at fair value through profit or loss		(37,757)	42,433
		(5,564)	(5,554)
<b>(Increase) / decrease in assets</b>			
Investments - net		(61,479)	(511,814)
Dividend receivable and accrued mark-up		-	750
Advances and deposits		(1,066)	(3,645)
Receivable against sale of investment		(293)	-
Preliminary expenses and floatation costs		110	-
		(62,728)	(514,709)
<b>Increase in liabilities</b>			
Payable to the Management Company		466	1,567
Payable to the Trustee		14	47
Payable to Securities and Exchange Commission of Pakistan		(264)	113
Payable against Formation cost		-	2,740
Accrued expenses and other liabilities		1,368	1,966
		1,584	6,433
		(66,708)	(513,830)
Dividend and accrued mark-up received		7,254	-
		(59,454)	(513,830)
<b>Net cash used from operating activities</b>			
<b>Cash flows from financing activities</b>			
Amount received on issue of units		230,000	704,000
Payment against redemption of units		(174,011)	(153,811)
		55,989	550,189
<b>Net cash generated from financing activities</b>			
<b>Net decrease in cash and cash equivalents</b>			
		(3,465)	36,359
Cash and cash equivalents at beginning of the period		6,975	-
<b>Cash and cash equivalents at end of the period</b>	4	<b>3,510</b>	<b>36,359</b>

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

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

Chief Financial Officer

Chief Executive Officer

Director

# **HBL Islamic Dedicated Equity Fund**

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

*For the half year ended December 31, 2019*

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

HBL Islamic Dedicated Equity Fund (the Fund) was established under a Trust Deed, dated June 22, 2017, executed between HBL Asset Management Limited as the Management Company and MCB Financial Services limited (MCBFSL) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on July 04, 2018.

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

The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund.

The principal activity of the Fund is to provide capital appreciation to investors schemes by investing in Shariah Compliant equity securities.

VIS Credit Rating Company has assigned a management quality rating of AM2+ (Positive Outlook) to the Management Company.

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

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

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

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

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

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

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## 2.4 DIRECTOR'S NOTE

The directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the Fund

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

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

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

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2019.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial statements.

3.5 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2019.

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	(Rupees in '000)	
<b>4. BANK BALANCES</b>			
Balances with banks in:			
Savings accounts	4.1	3,510	6,975
		<u>3,510</u>	<u>6,975</u>

4.1 The balance in savings accounts carry expected profit which ranges from 12.5% to 13.5% (2019:8.00% to 13.5% per annum.)

		(Un-Audited) December 31, 2019	(Audited) June 30, 2019
	Note	(Rupees in '000)	
<b>5. INVESTMENTS</b>			
Financial assets at fair value through profit and loss account			
- Listed equity securities	5.1	214,590	102,392
		<u>214,590</u>	<u>102,392</u>

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

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

Name of the Investee Company	As at July 01, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2019	Market value as at December 31, 2019 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
----- Number of shares -----									
<b>INVESTMENT BANKS/COs./SECURITIES</b>									
Dawood Hercules Corporation Ltd	10,500	-	-	10,500	-	-	0.00%	0.00%	0.01%
	10,500	-	-	10,500	-	-			
<b>TEXTILE COMPOSITE</b>									
Interloop Limited	70,309	132,500	-	202,500	309	18	0.01%	0.01%	0.00%
Nishat Mills Limited	28,700	136,400	-	99,900	65,200	6,920	3.22%	3.09%	0.02%
	99,009	268,900	-	302,400	65,509	6,938			
<b>CEMENT</b>									
Kohat Cement Limited	36,650	53,000	-	60,000	29,650	2,295	1.07%	1.02%	0.02%
Lucky Cement Limited	10,600	34,000	-	15,000	29,600	12,681	5.91%	5.65%	0.01%
Maple Leaf Cement Factory Limited	-	50,000	-	50,000	-	-	0.00%	0.00%	0.00%
	47,250	137,000	-	125,000	59,250	14,976			
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
Hub Power Company Limited	133,967	315,500	-	205,500	243,967	22,774	10.61%	10.15%	0.02%
K-Electric Limited	270,000	750,000	-	490,000	530,000	2,316	1.08%	1.03%	0.00%
	403,967	1,065,500	-	695,500	773,967	25,090			
<b>ENGINEERING</b>									
International Steels Limited	-	49,500	-	30,000	19,500	1,129	0.53%	0.50%	0.00%
	-	49,500	-	30,000	19,500	1,129			
<b>PHARMACEUTICALS</b>									
AGP Limited	13,500	60,000	-	36,000	37,500	3,726	1.74%	1.66%	0.00%
Highnoon Laboratories Limited	-	7,000	-	-	7,000	3,761	1.75%	1.68%	0.00%
The Searle Company Limited	8,450	36,100	-	20,500	24,050	4,539	2.12%	2.02%	0.01%
	21,950	103,100	-	56,500	68,550	12,026			
<b>OIL &amp; GAS EXPLORATION COMPANY</b>									
Mari Petroleum Company Limited	8,150	16,120	933	13,200	12,003	15,725	7.33%	7.01%	0.01%
Oil & Gas Developet Company Limited	90,500	270,000	-	179,500	181,000	25,760	12.00%	11.48%	0.00%
Pakistan Oilfields Limited	16,350	31,500	-	26,700	21,150	9,448	4.40%	4.21%	0.01%
Pakistan Petroleum Limited	61,100	301,000	20,120	194,000	188,220	25,812	12.03%	11.51%	0.01%
	176,100	618,620	21,053	413,400	402,373	76,746			
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited	34,100	108,500	6,220	100,000	48,820	9,356	4.36%	4.17%	0.01%
Sui Northern Gas Pipeline Limited	34,500	155,000	-	101,000	88,500	6,741	3.14%	3.01%	0.01%
	68,600	263,500	6,220	201,000	137,320	16,097			
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited	61,100	182,500	-	120,000	123,600	11,758	5.48%	5.24%	0.01%
	61,100	182,500	-	120,000	123,600	11,758			
<b>FERTILIZER</b>									
Engro Corporation Limited	40,670	89,800	-	70,500	59,970	20,705	9.65%	9.23%	0.01%
Engro Fertilizers Limited	74,000	200,500	-	155,000	119,500	8,775	4.09%	3.91%	0.01%
Fauji Fertilizer Company Limited	52,000	142,000	-	126,000	68,000	6,900	3.22%	3.08%	0.01%
	166,670	432,300	-	351,500	247,470	36,379			

Name of the Investee Company	As at July 01, 2019	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2019	Market value as at December 31, 2019 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
----- Number of shares -----									
<b>CHEMICALS</b>									
Engro Polymer & Chemicals Limited	130,000	475,000	-	340,000	265,000	8,801	4.10%	3.92%	0.03%
Lotte Chemical Pakistan Ltd	39,000	272,000	-	311,000	-		0.00%	0.00%	0.00%
	<u>169,000</u>	<u>747,000</u>	<u>-</u>	<u>651,000</u>	<u>265,000</u>	<u>8,801</u>			
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Thal Limited	6,350	11,900	-	4,500	13,750	4,651	2.17%	2.07%	0.02%
	<u>6,350</u>	<u>11,900</u>	<u>-</u>	<u>4,500</u>	<u>13,750</u>	<u>4,651</u>			
<b>Grand total</b>	<b><u>1,230,496</u></b>	<b><u>3,879,820</u></b>	<b><u>27,273</u></b>	<b><u>2,961,300</u></b>	<b><u>2,176,289</u></b>	<b><u>214,590</u></b>			
<b>Cost of investments at December 31, 2019</b>						<b><u>176,833</u></b>			

	Note	(Un-Audited) December 31, 2019	(Audited) June 30, 2019
<b>6. ADVANCES AND DEPOSITS</b>			
Security deposit with National Clearing Company of Pakistan Limited		<b>2,500</b>	2,500
Security deposit with Central Depository Company of Pakistan Limited		<b>100</b>	100
Advance Tax		<b>2,668</b>	1,602
		<b><u>5,268</u></b>	<u>4,202</u>
<b>7. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee		<b>436</b>	196
Sindh Sales Tax on Management Company's remuneration		<b>57</b>	26
Selling and marketing payable		<b>413</b>	243
Allocation of expenses related to registrar services, accounting, operation and valuation services		<b>35</b>	10
		<b><u>941</u></b>	<u>475</u>
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Charity payable	8.1	<b>726</b>	471
Auditors' remuneration		<b>152</b>	191
Payable to brokers		<b>169</b>	84
Provision for SWWF	8.2	<b>1,056</b>	-
NCCPL Charges Payable		<b>10</b>	-
Payable to shariah advisor		<b>18</b>	17
		<b><u>2,131</u></b>	<u>763</u>

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

**8.2 PROVISION FOR SINDH WORKERS' WELFARE FUND**

As there is income for the half year ended December 31, 2019, a provision of 1.056 million for SWWF has been recognised in this condensed interim financial information. As at December 31, 2019, the provision in relation to SWWF amounted to Rs. 1.056 million (2019: Rs. - million). Had the provision not being made, the Net Asset Value per unit as at December 31, 2019 would have been higher by Rs.0.476 (June 30, 2019: Rs. -) per unit.

**9. CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments outstanding as at December 31, 2019.

**10. TAXATION**

The Fund's income is exempt from income tax as per clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90 percent of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) for the year June 30, 2019 to its unit holders.

**11. TOTAL EXPENSE RATIO**

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2019 is 3.32%, which includes 0.73% representing government levy, Workers' Welfare Fund and SECP fee (December 2018: 1.07% which includes 0.08% representing government levy, Worker's welfare fund and SECP Fee.

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

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

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

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

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

	(Un-Audited) December 31, 2019	(Un-Audited) December 31, 2018
	(Rupees in '000)	
<b>12.1 Transactions during the period</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	1,992	2,688
Allocation of expenses related to registrar services, accounting, operation and valuation services	212	119
Selling and Marketing expenses	675	476
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration	141	121
<b>MCBFSL Trustee HBL IFPF Islamic Capital Preservation Plan</b>		
Issue of 2,518,655 units (2018:1,651,792 units)	200,000	165,000
Redemption of 1,861,892 units (2018: 246,865 units)	155,558	24,000
<b>MCBFSL Trustee HBL IFPF Active Allocation Plan</b>		
Issue of 161,125 units (2018: 203,779 units)	12,000	22,000
Redemption of 161,125 units (2018: 203,779 units)	12,623	19,811
<b>MCBFSL Trustee HBL IFPF Strategic Allocation Plan</b>		
Issue of 241,687 units (2018: 4,996,012 units)	18,000	517,000
Redemption of 70,852 units (2018: 1,130,175 units)	5,830	110,000
<b>12.2 Amounts outstanding as at period / year end</b>		
<b>HBL Asset Management Limited - Management Company</b>		
Management fee payable	436	196
Sales tax payable	57	26
Allocation of expenses related to registrar services, accounting, operation and valuation services	35	10
Selling And Marketing expenses	413	243
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	24	10
<b>MCBFSL Trustee HBL IFPF Islamic Capital Preservation Plan</b>		
Investment held in the Fund: 2,047,401 units (2019: 1,390,638)	207,035	116,580
<b>MCBFSL Trustee HBL IFPF Strategic Allocation Plan</b>		
Investment held in the Fund: 170,835 units (2019 :nil units)	17,275	-

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

		December 31, 2019 (Un-Audited)						
		Carrying amount			Fair Value			
Note	Fair Value Through Profit and Loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	5	214,590	-	214,590	214,590	-	-	214,590
<b>Financial assets not measured at fair value</b>								
13.1								
Bank balances		-	3,510	3,510	-	-	-	-
Dividend and profit receivable		-	922	922	-	-	-	-
Receivable against sale of investment			3,409	3,409				
Deposits			2,600	2,600				
		-	10,441	10,441	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
13.1								
Payable to management company		-	941	941	-	-	-	-
Payable to trustee			24	24				
Payable to security and exchange commission of Pakistan			18	18				
Accrued expenses and other liabilities			1,075	1,075				
Payable against formation cost			1,100	1,100	-	-	-	-
		-	3,158	3,158	-	-	-	-

								June 30, 2019 (Un-Audited)						
								Carrying amount		Fair Value				
								Fair Value	At	Total	Level 1	Level 2	Level 3	Total
Note	Fair Value	Through	Profit and	Loss	Amortised	Cost								
Financial assets measured at fair value														
Investments														
- Listed equity securities	102,392	-	-	-	-	-	-	102,392	-	-	-	-	-	102,392
Financial assets not measured at fair value														
Bank Balances	-	6,975	6,975	-	-	-	-	-	-	-	-	-	-	-
Dividend and Profit receivable	-	1,590	1,590	-	-	-	-	-	-	-	-	-	-	-
Preliminary expenses and floatation cost	-	935	935	-	-	-	-	-	-	-	-	-	-	-
Receivable against sale of investment	-	3,116	3,116	-	-	-	-	-	-	-	-	-	-	-
Advances and deposits	-	4,202	4,202	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value														
Payable to management company	-	475	475	-	-	-	-	-	-	-	-	-	-	-
Payable to trustee	-	10	10	-	-	-	-	-	-	-	-	-	-	-
Accured expenses and other liabilities	-	763	763	-	-	-	-	-	-	-	-	-	-	-
Payable against formation cost	-	1,100	1,100	-	-	-	-	-	-	-	-	-	-	-
Unit Holder's fund	-	116,580	116,580	-	-	-	-	-	-	-	-	-	-	-
Total														
	-	118,928	118,928	-	-	-	-	-	-	-	-	-	-	-

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

**13.2 Transfers during the period**

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

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

The Securities and Exchange Commission of Pakistan vide Circular No. 13 of 2017 prescribed criteria for Asset Management Companies while making investment in listed equity securities on behalf of Collective Investment Scheme. As at December 31, 2019 the Fund is compliant with the requirement of said circular except for following:

Name of Non-Complaint Investment	Type of Investment	Market Value of Investment	% of Net Assets	Limit
------(Rupees in '000)-----				
Circular No. 13 of 2017	Equity	26,453	10.99%	10.00%

**15. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statement was authorised for issue by the Board of Directors of the Management Company on February 13, 2020 .

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**16. GENERAL**

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

**16.2** These condensed interim financial statements is unaudited and has been reviewed by the auditors.

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

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



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# HBL

# ASSET MANAGEMENT LTD.

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