

HBL

ASSET MANAGEMENT LTD.

ايسيت مينجمنت لميٲٲ

AMC Rating : AM2++ by JCR-VIS



HBL Islamic Pension Fund & HBL Pension Fund Annual Report 2020-21

MOVING TOWARDS
EXCELLENCE

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OUR VISION

Enabling people to
advance with
confidence and
success.

OUR MISSION

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

PROGRESSIVENESS

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

EXCELLENCE

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

MERITOCRACY

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

OUR CORPORATE VALUES

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

INTEGRITY

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

CUSTOMER FOCUS

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

Management Company

HBL Asset Management Limited

Board of Directors (Composition as of August 26, 2021)

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

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

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

Technology Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM2++ (Stable Outlook)

Legal Advisor

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

Website

www.hblasset.com

Head Office & Registered Office

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

The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of HBL Pension Fund and HBL Islamic Pension Fund (the Funds) for the year ended June 30, 2021.

ECONOMIC REVIEW

The policy decisions taken by the government amid Covid-19 epidemic has resulted in an improvement in the macroeconomic landscape. The economy has started to regain its pre-Covid trajectory as there has been a notable pickup in economic activity as evident by the GDP growth rate of 3.94% for FY21. The government has unveiled a pro-growth budget and expects the growth momentum to continue in FY22.

The PKR appreciated by around 6.3% during FY21 taking Real Effective Exchange Rate to 99.9 (SBP Jun-21 number). The Central bank maintained the interest rates in FY21 after a cumulative 625 bps decrease in interest rates in 2HFY20 in response to the Covid-19 pandemic. On the external front export increased by 13.7% compared to increase in import by 23.2%, leading FY21 trade deficit to increase by 33.4% to USD 28.2bn. However Services Deficit decreased by 43.5% to USD 1.9bn in the period. Remittances also showed encouraging trend as it witnessed an uptick of 27.0% in FY21 clocking at USD 29.4bn. These factors led the Current Account Deficit for FY21 to clock at USD 1.9bn (0.6% of GDP) compared to a current account deficit of USD 4.5bn (1.7% of GDP) during same period last year. Pakistan economy has started to regain its pre-Covid trajectory as there has been a notable pickup in economic activity, as evident by LSM growth of 14.6% YoY in 11MFY21. The overall Foreign exchange reserves increased to USD 23.3bn compared to USD 18.9bn at the end of FY20.

CPI for FY21 has averaged 8.9% compared to 10.8% in the same period last year due to economic slowdown and hike in utilities price in base period. On the fiscal side FBR tax collection went up by 18% YoY to PKR 4,721bn during FY21 against the tax collection target of PKR 4,691bn.

STOCK MARKET REVIEW

The market sustained its bullish momentum in FY21 as the KSE-100 index recorded 12,934 points increase (+37.6%) during the period to close at 47,356 points while KMI-30 index recorded 21,626 points increase (+39.3%) during the period to close at 76,622 points. The stellar performance of the index can be attributed to 1) relative improvement in domestic COVID-19 infection and recovery rates, 2) flows into equities post 625bps cut in interest rates, 3) business friendly policies introduced by the GoP and 4) Improvement in macroeconomic indicators led by strengthening currency and better current account position.

During the period construction linked industries (Cement, Steel, and Glass) rallied on the back of the monetary easing done by the SBP and government focus on construction sector. Technology sector also remained in limelight due to increasing focus on technology post Covid-19 pandemic. Banking Sector also rallied due to attractive valuations. On the flows side, foreigners were the net sellers during FY21 and sold shares of worth USD 387mn, compared to net selling of USD 285mn during same period last year.

MONEY MARKET REVIEW

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

Yields across all the tenors changed between +11bps to +146 bps during FY21 due to a general market consensus that the monetary easing cycle is over and we may witness some hike in interest rate in FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 146, 138 and 125 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 19, 48 and 76 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.31% and 7.58% for 3M and 6M tenor whereas the cut offs in the last PIB Auction were 8.69%, 9.20% and 9.84% for the 3Y, 5Y, and 10Y tenor.

During FY21, Government largely managed its borrowing requirement through commercial banks. Government borrowed PKR 2,955bn from scheduled banks compared to borrowing of PKR 2,305bn during same period last year. Meanwhile, Government borrowing from SBP declined by PKR 1,268bn during the period against decline in borrowing of PKR 153bn during same period last year. This further decline in borrowing took place as IMF has restricted borrowing from the central bank to avoid inflationary pressure. Going forward the government will continue to meet additional borrowing requirements from the commercial banks.

FUTURE OUTLOOK

Pakistan equities are expected to perform well in FY22 due to cheaper valuation and improvement in macroeconomic outlook. GDP growth is expected to bounce back as most of the business activity has resumed. The external account position is also comfortable with current account to remain at manageable level in the year. We believe Pakistan equities offers a good entry opportunity for long term investors.

The valuations of Pakistan Stock market are now attractive with a Price to Earnings multiple of 6.1x compared to peer average of 15.7x. KSE-100 discount to emerging as well as frontier peers is 54.6% and 50.4% against 5-year averages of 41.3% and 35.6%, respectively. We feel this discount should narrow as market earnings are expected to increase significantly during FY22. Construction related sectors (Cement, Steel) are expected to continue their rally due to Government's push towards construction sector. Textile sector is also expected to garner investors' attention due to huge export potential. Technology sector would also remain in limelight due to potential of further re-rating on the back of good growth outlook. Thus we expect the overall market to rerate and continue its positive momentum.

On the fixed income front, average inflation in FY22 is expected to remain in the range of 7-9% and would depend on food prices and international oil prices trajectory. On the Islamic front we expect government to issue Ijara Sukuk and Energy Sukuk in FY22 to bridge the fiscal gap. Going forward, we feel that the monetary easing has taken place and we are at the bottom of the interest rate cycle. The central bank has given its forward looking guidance to maintain mildly positive interest rates when economy return to full capacity. Thus we expect any future increase in the policy rate to be measured and gradual.

Fund's Performance

HBL Pension Fund

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

The Fund as a whole earned a total and net income of Rs. 94.99million and Rs. 80.31 million respectively during the year under review. The fund size increased from Rs. 545.71 million as on June 30, 2020 to Rs. 664.66million as at June 30, 2021 thereby showing an increase of 22% during the year under review. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the year under review, the Equity sub-fund earned a total and net income of Rs. 68.59 million and Rs. 61.82million respectively. The net assets of the Equity sub-fund was Rs. 212.63million representing Net Asset Value (NAV) of Rs. 433.3512 per unit as at June 30, 2021. The Sub Fund earned a return of 33.60% for the year under review. The Fund is invested to the extent of 94% in equities.

Debt Sub-Fund

During the year under review, the Debt sub-fund earned total and net income of Rs. 13.05 million and Rs. 9.02million respectively. The net assets of the Debt sub-fund was Rs. 191.56 million representing Net Asset Value (NAV) of Rs. 215.5798 per unit as at June 30, 2021. The Fund yielded annualized return of 4.69% for the year under review.

Money Market Sub-Fund

During the year under review, the Money Market sub-fund earned total and net income of Rs. 13.26 million and Rs. 9.47 million respectively. The net assets of the Money Market sub-fund was Rs. 260.47 million representing Net Asset Value (NAV) of Rs. 186.9322 per unit as at June 30, 2021. An annualized return of 5.25% was earned by the Fund for the year under review.

HBL Islamic Pension Fund

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

The Fund as a whole earned a total and net income of Rs. 59.62 million and Rs. 51.07 million respectively during the year under review. The fund size slightly increased from Rs. 247.30 million as at June 30, 2020 to Rs. 347.40 million as at June 30, 2021 showing an increase of 40%. Performance review for each sub Fund is given below:

Equity Sub-Fund

During the year under review, the Equity sub-fund earned a total and net income of Rs. 49.26 million and Rs. 43.93 million respectively. The net assets of the Equity sub-fund was Rs. 196.03 million representing Net Asset Value (NAV) of Rs. 465.5652 per unit as at June 30, 2021. The Fund yielded a return of 35.57% for the year. The Sub Fund is invested to the extent of 94% in equities.

Debt Sub-Fund

During the year under review, the Debt sub-fund earned total and net income of Rs. 6.04 million and Rs. 4.27 million respectively. The net assets of the Debt sub-fund was Rs. 86.85 million representing Net Asset Value (NAV) of Rs. 172.1510 per unit as at June 30, 2021. The Fund yielded annualized return of 5.28% for the year under review.

Money Market Sub-Fund

During the year under review, the Money Market sub-fund earned total and net income of Rs. 4.32 million and Rs. 2.87 million respectively. The net assets of the Money Market sub-fund was Rs. 64.52 million representing Net Asset Value (NAV) of Rs. 167.7456 per unit as at June 30, 2021. An annualized return of 4.34% was earned by the Fund for the year under review.

Auditors

The existing auditors M/s Yousuf Adil & Co., Chartered Accountants have retired as auditor of HBL Pension Fund and HBL Islamic Pension Fund. The Board of Directors would consider the matter of the appointment of auditors of these funds in due course of time.

Acknowledgement

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

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

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer

FUND INFORMATION

NAME OF FUND

HBL Islamic Pension Fund

NAME OF AUDITOR

Yousuf Adil Chartered Accountants

NAME OF TRUSTEE

Central Depository Company of Pakistan

NAME OF BANKERS

Habib Bank Limited
Faysal Bank Limited
Bank Islami Paksitan Limited
Soneri Bank
Bank Al Habib Limited
Meezan Bank
Dubai Islamic Bank
Summit Bank
Allied Bank
Habib Metropolitan Bank

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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S.M.C.H.S., Main Shahra-e-Faisal
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TRUSTEE REPORT TO THE PARTICIPANTS

HBL ISLAMIC PENSION FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 23, 2021





ASSET MANAGEMENT LTD.
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STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Pension Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2021. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: August 26, 2021

HBL Asset Management Limited
Head Office
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Main Clifton Road,
Clifton, Karachi

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



September 14, 2021

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

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

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

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2021 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Pension Fund (HBL-IPF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

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

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

Mufti Irshad Ahmad Aijaz
Member Shariah Council



Faraz Younus Bandukda, CFA
Chief Executive

Al-Hilal Shariah Advisors (Pvt) Limited

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Karachi, Pakistan. Tel :+92-21-35305931-37. Web: www.alhilalsa.com

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

We have audited the annexed financial statements comprising:

- i. Statement of Asset and Liabilities;
- ii. Income Statement;
- iii. Statement of Comprehensive Income;
- iv. Cash Flow Statement; and
- v. Statement of movement in Participants' Fund;

of **HBL Islamic Pension Fund** ("the Fund") as at June 30, 2021 together with the notes forming part thereof, for the year then ended.

It is the responsibility of HBL Asset Management Limited (the Pension Fund Manager) to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified by Securities Exchange Commission of Pakistan under the Companies Act, 2017 and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion: -

- a) the financial statements prepared for the year ended June 30, 2021 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2021 and of the transactions of the Fund for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) the financial statements prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.



Other matter:

The annual financial statements of the Fund for the year ended June 30, 2020 were audited by another firm of chartered accountants, who vide their audit report dated September 24, 2020, expressed an unmodified opinion thereon.


Chartered Accountants

Engagement Partner
Hena Sadiq

Place: Karachi
Dated: September 27, 2021

**INDEPENDENT ASSURANCE REPORT TO THE UNIT HOLDERS
ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES**

We have performed an independent assurance engagement of **HBL Islamic Pension Fund** (the Fund), to express an opinion on the annexed Statement of Compliance with Shariah Principles (the Statement) for the year ended June 30, 2021. Our engagement was carried out as under Trust Deed and Shariah Principles of the Fund.

Management Company's responsibility

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

Responsibility of an Independent assurance provider

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagement other than Audit or Reviews of Historical Financial Statements'. This standard requires that we comply with the ethical requirements, including independent requirements, and plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with Shariah Principles specified in the Trust Deed and the Offering Document of the Fund.

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

The Procedures performed include:

- Checking compliance of specified guideline issued by the Shariah Advisor relating to the charity, maintaining of bank accounts and for making investments of the Fund; and
- Checking that the Shariah Advisor has certified that the operations of the Fund and Investment made by the Fund during the year ended June 30, 2021 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of Fund's compliance with Shariah Principles in the Trust Deed and the guideline issued by the Shariah Advisor for the year ended June 30, 2021.


Chartered Accountants**Place:** Karachi
Dated: September 27, 2021

HBL ISLAMIC PENSION FUND
Statement of Assets and Liabilities
As at June 30, 2021

	Note	2021				2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		Rupees in '000				Rupees in '000			
ASSETS									
Bank balances	5	10,208	39,787	50,267	100,262	9,271	57,147	50,483	116,901
Investments	6	188,120	47,124	14,628	249,872	120,809	14,685	1,953	137,447
Dividend and profit receivable	7	69	1,019	713	1,801	66	620	390	1,076
Deposits and other receivable	8	2,693	294	133	3,120	193	549	133	875
TOTAL ASSETS		201,090	88,224	65,741	355,055	130,339	73,001	52,959	256,299
LIABILITIES									
Payable to HBL Asset Management Limited - Pension Fund Manager	9	266	135	99	500	204	106	68	378
Payable to Central Depository Company of Pakistan Limited - Trustee	10	29	14	11	54	17	11	7	35
Payable to Securities and Exchange Commission of Pakistan	11	40	21	17	78	38	20	15	73
Accrued expenses and other liabilities	12	4,722	1,210	1,095	7,027	6,761	1,011	742	8,514
TOTAL LIABILITIES		5,057	1,380	1,222	7,659	7,020	1,148	832	9,000
NET ASSETS		196,033	86,844	64,519	347,396	123,319	71,853	52,127	247,299
PARTICIPANTS' SUB FUNDS (AS PER STATEMENT ATTACHED)		196,033	86,844	64,519	347,396	123,319	71,853	52,127	247,299
Contingencies and commitments									
----- Number of units -----									
Number of units in issue	14	421,065	504,466	384,622	1,310,153	359,107	439,427	324,233	1,122,767
----- Rupees -----									
Net assets value per unit		465.5652	172.1510	167.7456		343.4056	163.5160	160.7700	

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC PENSION FUND

Income Statement and Statement of Comprehensive Income

For the year ended June 30, 2021

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	Rupees in '000				Rupees in '000			
INCOME								
Dividend income	6,025	-	-	6,025	5,625	-	-	5,625
Mark-up on bank deposits	308	2,619	3,267	6,194	735	4,954	4,789	10,478
Mark-up on investments	-	3,010	1,065	4,075	-	2,630	279	2,909
Net gain / (loss) on sale of investments	19,927	3	(84)	19,846	6,569	(1,136)	-	5,433
Net unrealised gain on re-measurement of investments classified as financial assets at fair value through profit or loss ¹	23,000	409	74	23,483	3,044	53	-	3,097
Total income	49,260	6,041	4,322	59,623	15,973	6,501	5,068	27,542
EXPENSES								
Remuneration of HBL Asset Management Limited (including Sindh Sales Tax thereon) - Pension Fund Manager	2,722	1,395	1,135	5,252	2,176	1,176	850	4,202
Remuneration of Central Depository Company of Pakistan Limited - Trustee	273	140	114	527	218	118	85	421
Annual fee to Securities and Exchange Commission of Pakistan	40	21	17	78	37	20	15	72
Auditors' remuneration	200	104	83	387	196	106	78	380
Settlement and bank charges	52	31	41	124	51	38	37	126
Fee and subscriptions	222	-	-	222	220	3	-	223
Security transactions cost	944	-	-	944	502	-	-	502
Total expenses	4,453	1,691	1,390	7,534	3,400	1,461	1,065	5,926
Net income from operating activities	44,807	4,350	2,932	52,089	12,573	5,040	4,003	21,616
Provision for Sindh Workers' Welfare Fund	(879)	(85)	(58)	(1,022)	(247)	(100)	(80)	(427)
Net income for the year before taxation	43,928	4,265	2,874	51,067	12,326	4,940	3,923	21,189
Taxation	-	-	-	-	-	-	-	-
Net income for the year after taxation	43,928	4,265	2,874	51,067	12,326	4,940	3,923	21,189
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	43,928	4,265	2,874	51,067	12,326	4,940	3,923	21,189

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC PENSION FUND
Statement of Movement in Participants' Funds
For the year ended June 30, 2021

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- Rupees in '000 -----							
Net assets at beginning of the year	123,319	71,853	52,127	247,299	121,889	72,599	53,244	247,732
Amount received / receivable on issuance of units	169,075	129,931	125,684	424,690	30,078	38,501	17,336	85,915
Amount paid / payable on redemption of units	(133,832)	(124,040)	(117,788)	(375,660)	(49,338)	(37,941)	(20,258)	(107,537)
Reallocation among funds	(6,457)	4,835	1,622	-	8,364	(6,246)	(2,118)	-
	28,786	10,726	9,518	49,030	(10,896)	(5,686)	(5,040)	(21,622)
Net gain / (loss) on sale of investments	19,927	3	(84)	19,846	6,569	(1,136)	-	5,433
Net unrealised gain of investments classified as financial assets at fair value through profit or loss' re-measurement	23,000	409	74	23,483	3,044	53	-	3,097
Other net income for the year	1,001	3,853	2,884	7,738	2,713	6,023	3,923	12,659
Total comprehensive income /(loss) for the year	43,928	4,265	2,874	51,067	12,326	4,940	3,923	21,189
Net assets at end of the year	196,033	86,844	64,519	347,396	123,319	71,853	52,127	247,299
Net assets value per unit at beginning of the year	343.4056	163.5160	160.7700		323.8249	152.2556	148.7409	
Net assets value per unit at end of the year	465.5652	172.1510	167.7456		343.4056	163.5160	160.7700	

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC PENSION FUND

Cash Flow Statement

For the year ended June 30, 2021

Note	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000				Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES								
Net income for the year	43,928	4,265	2,874	51,067	12,326	4,940	3,923	21,189
Adjustments for:								
Net (gain) / loss on sale of investments	(19,927)	(3)	84	(19,846)	(6,569)	1,136	-	(5,433)
Unrealised (appreciation) in the market value of investments classified as fair value through profit or loss -	(23,000)	(409)	(74)	(23,483)	(3,044)	(53)	-	(3,097)
Dividend income	(6,025)	-	-	(6,025)	(5,625)	-	-	(5,625)
Profit on bank deposits	(308)	(2,619)	(3,267)	(6,194)	(735)	(4,954)	(4,789)	(10,478)
Profit on investments	-	(3,010)	(1,065)	(4,075)	-	(2,630)	(279)	(2,909)
Provision for Sindh Workers' Welfare Fund	879	85	58	1,022	247	100	80	427
	(4,453)	(1,691)	(1,390)	(7,534)	(3,400)	(1,461)	(1,065)	(5,926)
(Increase) / Decrease in assets								
Investments - net	(24,384)	(32,027)	(12,685)	(69,096)	801	9,565	2,022	12,388
Deposits and other receivables	(2,500)	255	-	(2,245)	402	(389)	-	13
	(26,884)	(31,772)	(12,685)	(71,341)	1,203	9,176	2,022	12,401
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	62	29	31	122	(3)	(10)	(22)	(35)
Payable to Central Depository Company of Pakistan Limited - Trustee	12	3	4	19	-	1	(1)	-
Payable to Securities and Exchange Commission of Pakistan	2	1	2	5	(22)	(11)	(10)	(43)
Accrued expenses and other liabilities	(2,918)	114	295	(2,509)	3,024	56	(176)	2,904
	(2,842)	147	332	(2,363)	2,999	36	(209)	2,826
Dividend received	5,990	-	-	5,990	5,704	-	-	5,704
Mark-up received on bank deposits	340	2,396	3,072	5,808	759	5,234	4,837	10,830
Mark-up received on investments	-	2,834	937	3,771	-	2,673	494	3,167
Net cash (used in) / generated from operating activities	(27,849)	(28,086)	(9,734)	(81,238)	7,265	15,658	6,079	9,301
CASH FLOW FROM FINANCING ACTIVITIES								
Amount received on issue of units	169,075	129,931	125,684	424,690	30,078	38,501	17,336	85,915
Amount paid on redemption of units	(133,832)	(124,040)	(117,788)	(375,660)	(49,338)	(37,941)	(20,258)	(107,537)
Reallocation among funds	(6,457)	4,835	1,622	-	8,364	(6,246)	(2,118)	-
Net cash generated / (used in) financing activities	28,786	10,726	9,518	49,030	(10,896)	(5,686)	(5,040)	(21,622)
Net increase / (decrease) in cash and cash equivalents during the year	937	(17,360)	(216)	(32,208)	(3,631)	9,972	1,039	(12,321)
Cash and cash equivalents at beginning of the year	9,271	57,147	50,483	116,901	12,902	47,175	49,444	109,521
Cash and cash equivalents at end of the year	10,208	39,787	50,267	100,262	9,271	57,147	50,483	116,901

The annexed notes from 1 to 26 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager (the Pension Fund Manager) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a pension fund on October 05, 2011.

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

The Fund is an unlisted pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.

The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Pension Fund Manager has appointed Al-Hilal Shariah Advisors (Pvt.) Limited as Shariah Advisor to the Pension Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.

The Fund consists of three sub-funds namely, HBL Islamic Pension Fund - Equity Sub-Fund, HBL Islamic Pension Fund - Debt Sub-Fund and HBL Islamic Pension Fund - Money Market Sub-Fund (collectively the "Sub-Funds"). The investment policy for each of the sub-funds is as follows:

- The Equity Sub-Fund consists of a minimum 90% of net assets invested in Shariah compliant listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the Equity Sub-Fund may be invested in any government security having less than one year time to maturity, or be deposited with Islamic Commercial banks or Islamic window of a commercial bank having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the sub-fund not exceeding five years. At least twenty five percent (25%) of the assets in the sub-fund shall be invested in debt securities issued by the Federal Government. Up to twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating. In case the Shariah compliant securities issued by Federal Government are not available to comply with above, the assets of a Shariah compliant debt sub-fund may be deposited in Islamic commercial banks, having not less than "A PLUS" rating or Islamic windows of commercial banks, having not less than "AA" rating, or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government.
- The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposits with one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investments in securities issued by Provincial Government, City Government, Government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document.

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

VIS Credit Rating Company Limited has assigned management quality rating of 'AM2++ (stable outlook)' to the Pension Fund Manager while the Fund is currently not rated.

Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

1.1 COVID-19 impact

The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing, closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan was although affected but continued since then. Stock markets and financial institutions remained open throughout the year. Activities of the Fund were operational during the year as staff of the Management Company were working without any disruption either from office or online remotely.

The management of the Fund is closely monitoring the situation, and there has not been any material adverse impact on fiscal and economic fronts facing the country and therefore not materially affected the financial performance of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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 the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the requirements of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, interpretations and amendments to accounting and reporting standards, that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- 'Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate 'benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Fund.
- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent 'concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's 'previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease 'modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects 'of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has 'provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent 'concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are 'eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
 - Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognised in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
 - The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a 'biological asset using a present value technique.

The above amendments are effective from annual periods beginning on or after 01 July 2020 and are not likely to have an impact on Fund's financial statements.

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the result of which from the basis of making the judgment about the company values of assets and liabilities that are not readily apparent from other sources actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification of financial assets (Note 4.2.2)
- (b) impairment of financial assets (Note 4.2.3)
- (c) provisions (Note 4.8)

2.4 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency. All amounts have been rounded off to the nearest thousands of Rupees, unless otherwise indicated

3. APPLICATION ON NEW PROVISION AMENDMENTS AND IFRS INTERPRETATIONS TO THE PUBLISHED APPROVED EXECUTING STANDARDS

a) New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
- Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
- Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

b) New accounting standards, amendments and IFRS interpretations that are not yet effective

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

	Effective from Accounting period beginning on or after
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023

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

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements

4.1 Cash and cash equivalents

Cash comprises savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.2 Financial assets and liabilities

4.2.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.2.2 Classification and measurement

4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVTOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial asset at amortised cost

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

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

Financial Asset at FVTOCI

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

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss income statement.

Business Model Assessment

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

4.2.2.2 Financial liabilities

The Fund classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Fair value through profit or loss ("FVTPL").

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

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

4.2.3 Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. The Fund is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

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

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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities

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

Basis of valuation of government securities

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

Basis of valuation of equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Basis of valuation of instruments at amortised cost

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.2.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.6 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.3 Issue and redemption of units

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

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

4.4 Net asset value per unit

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

4.5 Revenue recognition

- Gain / (loss) arising on sale of investments are included in the 'income statement' on the date at which the sale transaction takes place.
- Unrealised gain / (loss) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Dividend income is recognized when the right to receive the dividend is established.
- Profit / return on bank balances and government securities are recognised at effective profit rates based on a time proportion basis using the effective interest method.
- Profit on debt securities classified as non performing assets are recognised on receipt basis.

4.6 Expenses

All expenses including remuneration to fund manager and trustee, annual fee to the SECP and selling and marketing expense are recognised in the income statement on an accrual basis.

4.7 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus shares).

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

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

4.8 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.9 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is premeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.10 Distribution to the unit holders

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

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

4.11 Earnings per unit (EPU)

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

5. BANK BALANCES

	Note	2021				2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Rupees in '000									
Savings accounts	5.1	10,208	39,787	50,267	100,262	9,271	57,147	50,483	116,901

5.1 This includes balances of Rs. 6.619, Rs. 16.373 & Rs. 11.961 million (2020:Rs. 8.470, Rs. 16.502 & Rs. 13.059 million) of equity sub-fund, debt sub-fund and money market sub-fund respectively with Habib Bank Limited (a related party) and these accounts carry profit at the rates of 5.23% (2020: 7.85%) respectively. Other PLS accounts of the Fund carry profit at the rates of 5.5% to 8.65% (2020: 6.00% to 14.5%) per annum.

6. INVESTMENTS

	Note	2021				2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Rupees in '000									
At fair value through profit or loss									
Listed equity securities	6.1	188,120	-	-	188,120	120,809	-	-	120,809
Government of Pakistan - Ijara Sukuks		-	36,906	11,654	48,560	-	-	-	-
Term finance certificates and sukuk bonds	6.3	-	10,218	-	10,218	-	14,685	-	14,685
Commercial papers	6.4	-	-	2,974	2,974	-	-	1,953	1,953
		<u>188,120</u>	<u>47,124</u>	<u>14,628</u>	<u>249,872</u>	<u>120,809</u>	<u>14,685</u>	<u>1,953</u>	<u>137,447</u>

6.1 Listed equity securities

Held by Equity Sub-Fund

Name of the Investee Company	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2021	Cost of carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise										
	-----Number of shares-----					----- Rupees in '000 -----		-----%-----		
AUTOMOBILE ASSEMBLER										
Pak Suzuki Motor Company Limited	14,000	16,000	-	22,000	8,000	2,206	2,844	1.51%	1.45%	0.01%
Sazgar Engineering Works Limited	8,000	-	-	8,000	-	-	-	-	-	-
Indus Motor Company Limited	-	2,400	-	2,400	-	-	-	-	-	-
Ghandhara Industries Limited	-	15,500	-	15,500	-	-	-	-	-	-
	22,000	33,900	-	47,900	8,000	2,206	2,844	1.51%	1.45%	0.01%
AUTOMOBILE PARTS & ACCESSORIES										
Thal Limited (Rs. 5 each)	10,950	-	-	10,950	-	-	-	-	-	-
Panther Tyres Limited	-	29,076	-	-	29,076	2,038	2,010	1.07%	1.00%	0.02%
	10,950	29,076	-	10,950	29,076	2,038	2,010	1.07%	1.00%	0.02%
CEMENT										
Lucky Cement Limited	21,300	7,400	-	10,200	18,500	9,950	15,974	8.49%	8.15%	0.01%
D.G. Khan Cement Company Limited	14,000	54,500	-	28,500	40,000	4,372	4,717	2.51%	2.41%	0.01%
Cherat Cement Company Limited	22,500	10,100	-	19,500	13,100	1,809	2,324	1.24%	1.19%	0.01%
Kohat Cement Company Limited	24,100	8,000	-	13,800	18,300	3,176	3,779	2.01%	1.93%	0.01%
Maple Leaf Cement Factory Limited	84,000	98,500	-	61,500	121,000	4,379	5,685	3.02%	2.90%	0.01%
Pioneer Cement Limited	-	38,500	-	16,500	22,000	2,877	2,884	1.53%	1.47%	0.01%
Fauji Cement Company Limited	-	75,000	-	75,000	-	-	-	-	-	-
Attock Cement Limited	-	27,000	-	-	27,000	4,933	4,855	2.58%	2.48%	0.02%
	165,900	319,000	-	225,000	259,900	31,496	40,218	21.38%	20.53%	0.08%
CHEMICAL										
Engro Polymer & Chemicals Limited	105,385	78,500	-	183,885	-	-	-	-	-	-
I.C.I Pakistan Limited	3,000	2,400	-	5,400	-	-	-	-	-	-
Sitara Chemical Industries Limited	5,100	500	-	5,600	-	-	-	-	-	-
Sitara Peroxide Limited	54,000	7,000	-	61,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	178,000	-	178,000	-	-	-	-	-	-
Nimir Industrial Chemicals Limited	-	250,000	-	150,000	100,000	2,250	2,015	1.07%	1.03%	0.09%
	167,485	516,400	-	583,885	100,000	2,250	2,015	1.07%	1.03%	0.09%
COMMERCIAL BANKS										
Bank Islami Pakistan Limited	-	218,000	-	-	218,000	2,452	2,450	1.30%	1.25%	0.02%
Mezzan Bank Limited ***	58,005	53,000	3,050	35,500	78,555	6,570	9,066	4.82%	4.62%	0.01%
	58,005	271,000	3,050	35,500	296,555	9,022	11,516	6.12%	5.87%	0.03%
ENGINEERING										
International Industries Limited	6,200	9,000	-	2,000	13,200	1,802	2,785	1.48%	1.42%	0.01%
International Steels Limited	11,500	21,500	-	3,500	29,500	2,300	2,756	1.47%	1.41%	0.01%
Mughal Iron and Steel Industries Limited	46,000	44,620	-	53,500	37,120	2,562	3,875	2.06%	1.98%	0.01%
Aisha Steel Mill Limited	-	75,000	-	8,000	67,000	1,712	1,669	0.89%	0.85%	0.01%
Amreli Steels Limited	-	35,000	-	35,000	-	-	-	-	-	-
Agha Steel Industries Limited	-	101,500	-	-	101,500	3,781	3,424	1.82%	1.75%	0.02%
	63,700	291,740	-	107,120	248,320	12,157	14,509	7.72%	7.41%	0.06%
FERTILIZER										
Engro Corporation Limited	36,090	42,820	-	39,890	39,020	11,351	11,496	6.11%	5.86%	0.01%
Engro Fertilizer Limited	30,200	32,000	-	62,200	-	-	-	-	-	-
Fauji Fertilizer Company Limited	32,500	15,000	-	47,500	-	-	-	-	-	-
	98,790	89,820	-	149,590	39,020	11,351	11,496	6.11%	5.86%	0.01%
INV. BANKS / INV. COMPANIES. / SECURITIES COMPANIES.										
Dawood Hercules Corporation Limited	5,000	10,000	-	15,000	-	-	-	-	-	-
	5,000	10,000	-	15,000	-	-	-	-	-	-
OIL AND GAS EXPLORATION COMPANIES										
Oil and Gas Development Company Limited	98,600	66,300	-	16,400	148,500	15,605	14,112	7.50%	7.20%	0.00%
Pakistan Petroleum Limited **	84,300	76,500	-	5,400	155,400	13,905	13,493	7.17%	6.88%	0.01%
Mari Petroleum Company Limited	7,746	2,760	-	4,100	6,406	8,547	9,765	5.19%	4.98%	0.00%
Pakistan Oilfields Limited	3,500	7,600	-	900	10,200	3,794	4,017	2.14%	2.05%	0.00%
Shell Limited	-	5,000	-	5,000	-	-	-	-	-	-
	194,146	158,160	-	31,800	320,506	41,851	41,387	22.00%	21.11%	0.01%
OIL AND GAS MARKETING COMPANIES										
Pakistan State Oil Company Limited	34,323	21,300	-	13,800	41,823	8,131	9,379	4.99%	4.8%	0.01%
Sui Northern Gas Pipelines Limited	54,700	19,000	-	73,700	-	-	-	-	-	-
	89,023	40,300	-	87,500	41,823	8,131	9,379	4.99%	4.80%	0.01%
FOOD AND PERSONAL CARE PRODUCT										
The Organic Meat Company Limited	-	151,500	-	-	151,500	4,104	5,566	2.96%	2.84%	0.14%
Al-Shaheer corporation	-	71,000	-	71,000	-	-	-	-	-	-
Unity Foods Limited	-	554,500	-	429,000	125,500	4,836	5,587	2.97%	2.85%	0.01%
National Foods Limited	-	7,500	-	7,500	-	-	-	-	-	-
	-	784,500	-	507,500	277,000	8,940	11,153	5.93%	5.69%	0.15%
PAPER AND BOARD										
Security Papers Limited	-	20,000	-	20,000	-	-	-	-	-	-
	-	20,000	-	20,000	-	-	-	-	-	-

Name of the Investee Company	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2021	Cost of carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise										
	Number of shares				Rupees in '000		%			
PHARMACEUTICALS										
AGP Limited	10,875	18,000	-	28,875	-	-	-	-	-	-
The Searle Company Limited	7,411	6,000	-	13,129	282	79	68	0.04%	0.03%	0.00%
GlaxoSmithKline (Pakistan) Limited	9,900	-	-	9,900	-	-	-	-	-	-
Highnoon Laboratories Limited ***	5,313	-	1	5,314	-	-	-	-	-	-
Ferozsons Laboratories Limited ***	-	11,100	1,440	12,540	-	-	-	-	-	-
	33,499	35,100	1,441	69,758	282	79	68	0.04%	0.03%	0.00%
POWER GENERATION AND DISTRIBUTION										
The Hub Power Company Limited **	100,931	50,500	-	42,000	109,431	8,134	8,718	4.63%	4.45%	0.01%
K-Electric Limited (Rs. 3.5 each)	723,500	-	-	723,500	-	-	-	-	-	-
	824,431	50,500	-	765,500	109,431	8,134	8,718	4.63%	4.45%	0.01%
TEXTILE COMPOSITE										
Nishat Mills Limited	35,200	39,000	-	48,700	25,500	2,289	2,379	1.26%	1.21%	0.01%
Interloop Limited	57,445	-	-	-	57,445	2,523	4,023	2.14%	2.05%	0.01%
Kohinoor Textile Limited	-	55,500	-	3,000	52,500	3,216	3,948	2.10%	2.01%	0.02%
	92,645	94,500	-	51,700	135,445	8,028	10,350	5.50%	5.27%	0.04%
CABLE AND ELECTRICAL GOODS										
Waves Singer Pakistan Limited	-	212,500	-	141,500	71,000	1,962	1,935	1.03%	0.99%	0.03%
Pak Elektron Limited	-	52,500	-	-	52,500	1,983	1,844	0.98%	0.94%	0.01%
	-	265,000	-	141,500	123,500	3,945	3,779	2.01%	1.93%	0.04%
REFINERY										
National Refinery limited	-	28,500	-	19,500	9,000	4,759	4,710	2.50%	2.40%	0.01%
Attock Refinery Limited	-	31,000	-	24,000	7,000	1,343	1,795	0.95%	0.92%	0.01%
	-	59,500	-	43,500	16,000	6,102	6,505	3.45%	3.32%	0.02%
TECHNOLOGY & COMMUNICATION										
Systems Limited ***	14,500	-	510	9,400	5,610	937	3,143	1.67%	1.60%	0.00%
Avanceon Limited ***	-	23,000	3,800	4,000	22,800	1,452	2,090	1.11%	1.07%	0.01%
	14,500	23,000	4,310	13,400	28,410	2,389	5,233	2.78%	2.67%	0.01%
LEATHER AND TANNERIES										
Bata (Pakistan) Limited	1,040	-	-	1,040	-	-	-	-	-	-
Service Industry Limited	-	2,100	-	2,100	-	-	-	-	-	-
	1,040	2,100	-	3,140	-	-	-	-	-	-
Pakistan National Shipping Corporation	20,000	4,000	-	24,000	-	-	-	-	-	-
Millat Tractors Limited ***	-	6,600	187	3,400	3,387	3,248	3,657	1.94%	1.87%	0.01%
Honda Atlas Cars (Pakistan) Limited	-	21,300	-	11,800	9,500	3,753	3,285	1.75%	1.68%	0.01%
	20,000	31,900	187	39,200	12,887	7,001	6,942	3.69%	3.55%	0.02%
Total as at June 30, 2021	1,861,114	3,143,996	12,988	2,971,943	2,046,155	165,120	188,120	100.00%	95.97%	0.61%
Total as at June 30, 2020	1,545,718	1,721,760	24,556	1,430,920	1,861,114	117,765	120,809			

** Investments include 28,431 shares of HUBCO, 105,400 shares of Pakistan Petroleum Limited, having market value Rs. 4.31 million and Rs. 6.373 million, that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

*** Finance Act, 2014 had brought amendments to 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 Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, 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 mutual funds based on the premise of exemption available to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having fair market value of Rs. 0.1215 million at June 30, 2021 and not yet deposited on CDC account of department of Income tax. Pension Fund Manager is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in Fund's investments at year end.

6.2 Investment in Government Securities - Ijarah Sukuk

6.2.1 Held by Debt Sub-Fund

Issue Date	Tenor	Face value				Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of	
		As at July 1, 2020	Purchases during the year	Sales / matured during the year	As at June 30, 2021			Total investments of sub-fund	Net assets of sub-fund
----- Rupees in '000 -----									
April 30, 2020	5 Years	-	38,000	-	38,000	36,587	36,906	78.32%	42.50%
		-	38,000	-	38,000	36,587	36,906	78.32%	42.50%

6.2.2 Held by Money Market Sub-Fund

Issue Date	Tenor	Face value				Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of	
		As at July 1, 2020	Purchases during the year	Sales / matured during the year	As at June 30, 2021			Total investments of sub-fund	Net assets of sub-fund
----- Rupees in '000 -----									
April 30, 2020	5 Years	-	34,000	22,000	12,000	11,580	11,654	79.67%	18.06%
		-	34,000	22,000	12,000	11,580	11,654	79.67%	18.06%

6.3 Term Finance Certificates and Sukuk bonds

6.3.1 Held by Debt Sub-Fund

Name of the Investee Company

		AS at July 1, 2020	Purchases during the year	Sales / matured during the year	AS at June 30, 2021	as at June 30, 2021	Total investments	Net assets
----- Rupees in '000 -----								
September 19, 2019	3 years	87,500	-	87,500	-	-	-	-
September 19, 2019	3 years	50,000	-	50,000	-	-	-	-
September 19, 2019	3 years	100,000	-	100,000	-	-	-	-
September 19, 2019	3 years	-	100,000	100,000	-	-	-	-
September 19, 2019	3 years	-	100,000	100,000	-	-	-	-
September 19, 2019	3 years	-	50,000	50,000	-	-	-	-
September 19, 2019	3 years	-	150,000	150,000	-	-	-	-
September 19, 2019	3 years	-	25,000	25,000	-	-	-	-
September 19, 2019	3 years	-	25,000	25,000	-	-	-	-
September 19, 2019	3 years	-	50,000	50,000	-	-	-	-
September 19, 2019	3 years	-	50,000	50,000	-	-	-	-
August 20, 2020	3 years	-	100,000	-	100,000	96,799	6.30%	4.26%
August 20, 2020	3 years	-	125,000	-	125,000	120,999	7.87%	5.32%
August 20, 2020	3 years	-	50,000	-	50,000	48,400	3.15%	2.13%
August 20, 2020	3 years	-	50,000	-	50,000	48,400	3.15%	2.13%

6.3.1.1 Significant terms and conditions of Term finance certificates and Sukuk bonds outstanding as at June 30, 2021 are as follows:

Name of security	Remaining principal Fave value Rupees per TFC	Mark-up rate (per annum)	Issue date	Maturity date
Fatima Fertilizers Company Limited	500	6 months KIBOR + 1.1%	28-Nov-16	28-Nov-21
Water and Power Development Authority	357	6 months KIBOR + 1%	14-Oct-13	14-Oct-21
K-Electric	1,000	3 months KIBOR + 1%	17-Jun-15	17-Jun-22
Hub Power Company Limited	100,000	6 months KIBOR + 1.5%	19-Mar-20	19-Mar-21
AGP Limited	20,000	3 months KIBOR + 1.3%	9-Jun-17	9-Jun-22
International Brands Limited - Sukuk	41,022	12 months KIBOR + 0.5%	15-Nov-17	15-Nov-21
TPL Trakker Limited - Sukuk	1,000,000	3 months KIBOR + 3%	30-Mar-21	30-Mar-26
Agha Steel Industries Limited - Sukuk	875,000	3 months KIBOR + 0.8%	9-Oct-18	9-Oct-24

6.4 Commercial papers

6.4.1 Held by Money Market Sub-Fund

Name of Company	Note	Maturity date	Face value				Carrying amount as at June 30, 2021	Total investments of sub-fund	Net Assets of sub-fund
			As at July 1, 2020	Placements made during the year	Matured / Sold during the year	As at June 30, 2021			
----- Rupees in '000 -----									
K- Electric Limited	6.4.1.1	August 10, 2021	-	3,000	-	3,000	2,974	20.33%	4.61%
K- Electric Limited		September 10, 2020	2,000	-	2,000	-	-	-	-
			<u>2,000</u>	<u>3,000</u>	<u>2,000</u>	<u>3,000</u>	<u>2,974</u>	<u>20.33%</u>	<u>4.61%</u>

6.4.1.1 This commercial paper has been placed at discount at a rate of 7.92% (2020: 13.64%)

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

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees in '000 -----								
Market value of investments	188,120	47,124	14,628	249,872	120,809	14,685	1,953	137,447
Less: carrying value of investments before mark to market	(165,120)	(46,715)	(14,554)	(226,389)	(117,765)	(14,738)	(1,953)	(134,456)
	<u>23,000</u>	<u>409</u>	<u>74</u>	<u>23,483</u>	<u>3,044</u>	<u>(53)</u>	<u>-</u>	<u>2,991</u>
6.6.1 - Listed equity securities	23,000	-	-	23,000	3,044	-	-	3,044
- Government securities	-	409	74	483	-	(53)	-	(53)
	<u>23,000</u>	<u>409</u>	<u>74</u>	<u>23,483</u>	<u>3,044</u>	<u>(53)</u>	<u>-</u>	<u>2,991</u>

7. DIVIDEND AND PROFIT RECEIVABLE

Note	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees in '000 -----								
Dividend receivable	52	-	-	52	17	-	-	17
Profit receivable on bank deposits	17	426	585	1,028	49	203	390	642
Profit accrued on sukuk bonds	-	593	128	721	-	417	-	417
	<u>69</u>	<u>1,019</u>	<u>713</u>	<u>1,801</u>	<u>66</u>	<u>620</u>	<u>390</u>	<u>1,076</u>

8. DEPOSITS AND OTHER RECEIVABLES

Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
Security deposit with National Clearing Company of Pakistan Limited	2,500	-	-	2,500	-	-	-	-
Receivable of Principal Redemption	-	125	-	125	-	-	-	-
Other receivable	93	69	33	195	93	449	33	575
	<u>2,693</u>	<u>294</u>	<u>133</u>	<u>3,120</u>	<u>193</u>	<u>549</u>	<u>133</u>	<u>875</u>

9. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - PENSION FUND MANAGER

Remuneration to Pension Fund Manager	9.1	229	111	87	427	147	85	59	291
Sindh Sales Tax on remuneration to Pension Fund Manager	9.2	30	14	11	55	19	11	8	38
Sales load payable		7	10	1	18	38	10	1	49
		<u>266</u>	<u>135</u>	<u>99</u>	<u>500</u>	<u>204</u>	<u>106</u>	<u>68</u>	<u>378</u>

9.1 As per Rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager of the Fund is allowed to charge an annual management fee of 1.5% of the average of the values of the net assets of each of the Sub-Fund calculated during the year. Accordingly, the management fee has been accrued at 1.5% per annum of the average daily net assets of the Sub-Funds.

9.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 effective from July 01, 2017.

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

Note	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000							
Trustee remuneration	26	12	10	48	15	10	6	31
Sindh Sales Tax on Trustee remuneration	3	2	1	6	2	1	1	4
	<u>29</u>	<u>14</u>	<u>11</u>	<u>54</u>	<u>17</u>	<u>11</u>	<u>7</u>	<u>35</u>

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2021 is as follows:

Net assets

Tariff per annum

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

10.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011, effective from July 1, 2016.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the Rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of average annual net asset value of each of the sub-fund.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000							
Auditors' remuneration	128	67	54	249	119	65	46	230
Payable against purchase of investments	252	-	-	252	3,069	-	-	3,069
Federal Excise Duty payable on Pension Fund Manager	880	488	383	1,751	880	488	383	1,751
Provision for Sindh Workers' Welfare Fund	3,077	381	282	3,740	2,199	295	225	2,719
Payable against redemption of units	16	122	294	138	-	-	-	-
Other payable	369	152	82	897	494	163	88	745
	<u>4,722</u>	<u>1,210</u>	<u>1,095</u>	<u>7,027</u>	<u>6,761</u>	<u>1,011</u>	<u>742</u>	<u>8,514</u>

12.1 In accordance with the instruction of Shariah Advisor, any income earned by the Fund from investments whereby the portion of the investment of the investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. The other payable included Rs. 0.363 million (2019: Rs. 0.478 million) amount of charity.

12.1.1 These payments are made to Indus Hospital , Edhi Foundation , IDARIEU Welfare Association, AKU Patient Behbood Society, Layton Rehmatullah Benevolent Trust, Marzak-e-Umeed, Karwana-e-Hayat ,The Citizens Foundation and Sindh Institute of Urology and Transplantation.

12.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2021.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of the Pension Fund Manager, aggregating to Rs. 0.880 million, 0.488 million and 0.383 million (2020: Rs. 0.247 million, Rs. 0.100 million and Rs. 0.080 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2020 would have been higher by Rs. 2.0899, Rs. 0.9674 and Rs. 0.9958 (2020: Rs. 2.4505 Rs. 1.1105 and Rs. 1.1812) per unit respectively.

12.3 The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 1.643 million, Rs. 0.707 million and Rs. 0.483 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively, for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 6.1957, Rs. 1.6693 and Rs. 0.6624 (2020: Rs. 2.6865, Rs. 0.8956 and Rs. 0.6204) per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

13. CONTRIBUTION TABLE

Contributions received during the year are as follows:

	2021							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
From:								
Individuals	387,366	169,075	770,040	129,931	761,423	125,684	1,918,829	424,690
	2020							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
From:								
Individuals	85,083	30,078	243,345	38,501	111,676	17,336	440,104	85,915

14. NUMBER OF UNITS IN ISSUE

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Number				Number			
Opening units in issue	359,107	439,427	324,233	1,122,767	376,403	476,820	357,964	1,211,187
Units issued during the year	387,366	770,040	761,423	1,918,829	85,083	243,345	111,676	440,104
Units redeemed during the year	(340,497)	(733,523)	(710,820)	(1,784,840)	(131,604)	(240,319)	(131,352)	(503,275)
Reallocation during the year	15,089	28,522	9,786	53,397	29,225	(40,419)	(14,055)	(25,249)
Total units in issue at the end of the year	421,065	504,466	384,622	1,310,153	359,107	439,427	324,233	1,122,767

15. MARK-UP / RETURN ON INVESTMENTS

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000							
Mark-up / return on:								
Government of Pakistan -Ijarah Sukuks	-	1,696	797	2,493	-	298	-	298
TFC/Sukuk certificates	-	1,313	129	1,442	-	2,323	-	2,323
Commercial papers	-	-	139	139	-	9	279	288
	-	3,009	1,065	4,074	-	2,630	279	2,909

16. AUDITOR'S REMUNERATION

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000							
Statutory audit fee	155	94	75	324	166	89	66	321
Shariah compliance certification	40	-	-	40	25	-	-	25
Out of pocket expenses	5	10	8	23	5	17	12	34
	200	104	83	387	196	106	78	380

17. TAXATION

No provision for taxation for the year ended June 30, 2021 has been made in view of the exemption available under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001

The Fund is also exempt from the provisions of section 113(minimum tax) under clause 11A of Part IV to Second Schedule of the Income Tax Ordinance, 2001. Accordingly, Supertax and any other taxes introduced in Finance Act, 2015 is also not applicable on fund.

18. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 (June 30, 2020)

19. TRANSACTIONS BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include HBL Asset Management Limited being the Pension Fund Manager, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, collective investment schemes 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 Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

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

19.1 Transactions during the year

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees in '000 -----								
HBL Asset Management Limited - Pension Fund Manager								
Management remuneration including Sindh Sales tax thereon	2,722	1,395	1,135	5,252	2,176	1,176	850	4,202
Habib Bank Limited - Sponsor								
Bank charges paid	26	21	32	79	15	26	20	61
Profit on bank deposits earned	308	2,551	3,196	6,055	337	984	769	2,090
Profit on bank deposits received	308	2,551	3,196	6,055	-	-	-	-
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Issue of units	Units	-	-	-	-	-	-	-
Amount of units issued	-	-	-	-	-	-	-	-
Reallocation of units	Units	(3,323)	5,750	2,887	3,664	(4,632)	(2,208)	(3,176)
Amount of units reallocated	(1,453)	975	478	-	1,049	(716)	(333)	-
Executives and their relatives								
Issuance of units	Units	5,375	-	5,375	-	-	-	-
Amount of units issued	2,365	-	-	2,365	-	-	-	-
Reallocation of units	Units	(86)	-	(86)	-	-	-	-
Amount of units reallocated	3	(3)	-	-	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee								
Trustee's remuneration including Sindh Sales tax thereon	273	140	114	527	218	118	85	421
Central Depository System Charges	15	7	7	29	15	7	7	29
Directors of connected persons								
Issue of units	Units	24	18	9	51	3	-	3
Amount of units issued	10	3	2	15	1	-	-	1
Reallocation of units	Units	2,495	6,436	2	8,933	-	-	-
Amount of units reallocated	(1,091)	1,091	-	-	-	-	-	-
Redemption of units	Units	-	4	2	6	-	4	6
Amount of units redeemed	-	1	-	1	-	1	-	1

19.2 Balances outstanding as at year end

	2020				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000				Rupees in '000			
HBL Asset Management Limited - Pension Fund Manager								
Management fee payable	229	111	87	427	147	85	59	291
Sindh Sales tax Payable	30	14	11	55	19	11	8	38
Sales load payable	7	10	1	18	38	10	1	49
Federal Excise Duty payable	880	488	383	1,751	880	488	383	1,751
Habib Bank Limited - Sponsor								
Units held	128,334	-	-	128,334	128,334	-	-	128,334
Amount of units held	59,748	-	-	59,748	44,071	-	-	44,071
Profit receivable on bank deposits	-	-	-	-	41	36	53	130
Bank balances	6,191	16,371	11,061	33,623	8,194	14,677	9,042	31,913
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Units held	16,345	42,174	21,565	80,084	19,671	36,426	18,677	74,774
Amount of units held	7,609	7,260	3,617	18,486	6,755	5,956	3,003	15,714
Executives and their relatives								
Units held	5,289	-	-	5,289	-	-	-	-
Amount of units held	2,463	-	-	2,463	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee								
Trustee' remuneration payable	29	14	11	54	17	11	7	35
Security deposit receivable	100	100	100	300	100	100	100	300
Directors of connected persons								
Units held	22,620	58,271	19	80,910	30	16	8	54
Amount of units held	10,531	10,031	3	20,565	10	3	1	14

20. FINANCIAL INSTRUMENTS BY CATEGORY

	2021									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	Total
	Rupees in '000									
Financial assets										
Bank balances	10,208	-	10,208	39,787	-	39,787	50,267	-	50,267	100,262
Investments	-	188,120	188,120	-	47,124	47,124	-	14,628	14,628	249,872
Dividend and accrued mark-up	69	-	69	1,019	-	1,019	713	-	713	1,801
Deposits and other receivable	2,693	-	2,693	294	-	294	133	-	133	3,120
	12,970	188,120	201,090	41,100	47,124	88,224	51,113	14,628	65,741	355,055

	2021									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	Total
	Rupees in '000									
Financial liabilities										
Payable to HBL Asset Management Limited - Pension Fund Manager	266	-	266	135	-	135	99	-	99	500
Payable to Central Depository Company of Pakistan Limited - Trustee	29	-	29	14	-	14	11	-	11	54
Payable to Securities and Exchange Commission of Pakistan	40	-	40	21	-	21	17	-	17	78
Accrued expenses and other liabilities	765	-	765	341	-	341	430	-	430	1,536
Net assets attributable to redeemable units	196,033	-	196,033	86,844	-	86,844	64,519	-	64,519	347,396
	197,133	-	197,133	87,355	-	87,355	65,076	-	65,076	349,564

	2020									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	
----- Rupees in '000 -----										
Financial assets										
Bank balances	9,271	-	9,271	57,147	-	57,147	50,483	-	50,483	116,901
Investments	-	120,809	120,809	-	14,685	14,685	-	1,953	1,953	137,447
Dividend and accrued mark-up	66	-	66	620	-	620	390	-	390	1,076
Advances and deposits	193	-	193	549	-	549	133	-	133	875
	<u>9,530</u>	<u>120,809</u>	<u>130,339</u>	<u>58,316</u>	<u>14,685</u>	<u>73,001</u>	<u>51,006</u>	<u>1,953</u>	<u>52,959</u>	<u>256,299</u>

	2020									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	
----- Rupees in '000 -----										
Financial liabilities										
Payable to HBL Asset Management Limited - Pension Fund Manager	204	-	204	106	-	106	68	-	68	378
Payable to Central Depository Company of Pakistan Limited - Trustee	17	-	17	11	-	11	7	-	7	35
Payable to Securities and Exchange Commission of Pakistan	38	-	38	20	-	20	15	-	15	73
Accrued expenses and other liabilities	3,682	-	3,682	228	-	228	134	-	134	4,044
Net assets attributable to redeemable units	<u>123,319</u>	<u>-</u>	<u>123,319</u>	<u>71,853</u>	<u>-</u>	<u>71,853</u>	<u>52,127</u>	<u>-</u>	<u>52,127</u>	<u>247,299</u>
	<u>127,260</u>	<u>-</u>	<u>127,260</u>	<u>72,218</u>	<u>-</u>	<u>72,218</u>	<u>52,351</u>	<u>-</u>	<u>52,351</u>	<u>251,829</u>

21. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- Credit risk (refer note 21.1)
- Liquidity risk (refer note 21.2)
- Market risk (refer note 21.3)

Risk management framework

The board of directors of Asset Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

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

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

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

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

21.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, receivable against sale of investments, dividend and other receivables and security deposits.

The carrying amount of financial assets represents the maximum credit exposure.

Management of credit risk

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

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

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

Exposure to credit risk

The maximum exposure to credit risk as at reporting date was as follows:

	2021					
	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure
	Rupees '000					
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
Bank balances	10,208	10,208	39,787	39,787	50,267	50,267
Investments	39,787	39,787	39,787	39,787	50,267	50,267
Receivable of Principal Redemption	-	-	125	125	-	-
Accrued return on bank balances	17	17	426	426	585	585
Dividend receivable	52	52	-	-	-	-
Security deposits	2,600	2,600	100	100	100	100
	52,664	52,664	80,225	80,225	101,219	101,219

	2020					
	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure
	Rupees '000					
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
Bank balances	9,271	9,271	57,147	57,147	50,483	50,483
Investments	120,809	120,809	14,685	14,685	1,953	1,953
Receivable of Principal Redemption	-	-	-	-	-	-
Accrued return on bank balances	49	49	203	203	390	390
Dividend receivable	17	17	-	-	-	-
Security deposits	100	100	100	100	100	100
	130,246	130,246	72,135	72,135	52,926	52,926

Bank balances including accrued return on bank balances

The analysis below summarises the credit quality of the balances with Banks as at reporting date:

Rating	2021					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	Rupees			%		
A1+	7,063,064	42,309,207	53,504,031	67.16%	99.77%	99.94%
A1	3,453,392	97,647	29,464	32.84%	0.23%	0.06%
Total balance including profit due	10,516,456	42,406,854	53,533,495	100%	100%	100%

Rating	2020					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	Rupees			%		
A1+	8,576,501	44,251,200	52,261,862	89.89%	76.37%	99.48%
A1	964,835	13,695,086	261,231	10.11%	23.63%	0.50%
A3	-	-	10,670	-	-	0.02%
Total balance including profit due	9,541,336	57,946,286	52,533,763	100%	100%	100%

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of the reporting date.

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund mainly deals in equity securities which are primarily subject to price risk. The Fund's portfolio of other financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2021					
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	Rupees	%	Rupees	%	Rupees	%
Commercial banks (including profit due)	10,516,456	99.06%	42,406,854	47.31%	53,533,495	78.42%
Government of Pakistan - Ijara Sukuks	-	-	36,906,000	41.18%	11,654,000	17.07%
Term finance certificates and sukuk bonds	-	-	10,218,000	11.40%	-	-
Commercial papers	-	-	-	-	2,974,000	4.36%
Central Depository Company of Pakistan Limited - security deposit	100,000	0.94%	100,000	0.11%	100,000	0.15%
	10,616,456	100%	89,630,854	100%	68,261,495	100%
	2020					
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	Rupees	%	Rupees	%	Rupees	%
Commercial banks (including profit due)	9,541,336	98.96%	57,946,286	99.80%	52,533,763	99.81%
Government of Pakistan - Ijara Sukuks	-	-	-	-	-	-
Term finance certificates and sukuk bonds	-	-	14,685	0.03%	-	-
Commercial papers	-	-	-	-	1,953	0.00%
Central Depository Company of Pakistan Limited - security deposit	100,000	1.04%	100,000	0.17%	100,000	0.19%
	9,641,336	100%	58,060,971	100%	52,635,716	100%

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

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

Management of liquidity risk

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

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

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

	2021												
	Contractual cash flows												
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total			
Carrying amount	Total	Less than 1 month	Within 3 months	Carrying amount	Total	Less than 1 month	Within 3 months	Carrying amount	Total	Less than 1 month	Within 3 months	Total	
Rupees in '000													
Financial Liabilities													
Payable to HBL Asset Management Limited - Pension Fund Manager	266	266	266	-	135	135	135	-	99	99	99	-	500
Payable to Central Depository Company of Pakistan Limited - Trustee	29	29	29	-	14	14	14	-	11	11	11	-	54
Payable to Securities and Exchange Commission of Pakistan	40	40	40	-	21	21	21	-	17	17	17	-	78
Accrued expenses and other liabilities	765	765	765	-	341	341	341	-	430	430	430	-	1,536
	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>-</u>	<u>511</u>	<u>511</u>	<u>511</u>	<u>-</u>	<u>557</u>	<u>557</u>	<u>557</u>	<u>-</u>	<u>2,168</u>
Net assets attributable to redeemable units	<u>196,033</u>	<u>196,033</u>	<u>196,033</u>	<u>-</u>	<u>86,844</u>	<u>86,844</u>	<u>86,844</u>	<u>-</u>	<u>64,519</u>	<u>64,519</u>	<u>64,519</u>	<u>-</u>	<u>347,396</u>
2020													
Contractual cash flows													
Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total				
Carrying amount	Total	Less than 1 month	Within 3 months	Carrying amount	Total	Less than 1 month	Within 3 months	Carrying amount	Total	Less than 1 month	Within 3 months	Total	
Rupees in '000													
Financial Liabilities													
Payable to HBL Asset Management Limited - Pension Fund Manager	204	204	204	-	106	106	106	-	68	68	68	-	378
Payable to Central Depository Company of Pakistan Limited - Trustee	17	17	17	-	11	11	11	-	7	7	7	-	35
Payable to Securities and Exchange Commission of Pakistan	38	38	38	-	20	20	20	-	15	15	15	-	73
Accrued expenses and other liabilities	3,682	3,682	3,682	-	228	228	228	-	134	134	134	-	4,044
	<u>3,941</u>	<u>3,941</u>	<u>3,941</u>	<u>-</u>	<u>365</u>	<u>365</u>	<u>365</u>	<u>-</u>	<u>224</u>	<u>224</u>	<u>224</u>	<u>-</u>	<u>4,530</u>
Net assets attributable to redeemable units	<u>123,319</u>	<u>123,319</u>	<u>123,319</u>	<u>-</u>	<u>71,853</u>	<u>71,853</u>	<u>71,853</u>	<u>-</u>	<u>52,127</u>	<u>52,127</u>	<u>52,127</u>	<u>-</u>	<u>247,299</u>

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

Units of the Fund are redeemable on demand at the participants' option. However, unit holders typically retain them from medium to long term.

21.3 Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

21.3.1 Currency risk

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

21.3.2 Interest rate risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) by Rs. 0.10, 0.40 & 0.5 million (2020: Rs. 0.09, 0.57 & 0.5 million) Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

b) Fair value interest rate risk

As at June 30, 2021, the Debt Sub-Fund holds KIBOR based interest bearing term finance certificates that expose the Fund to fair value interest rate risk. In case of 100 basis points increase in KIBOR on June 30, 2021, with all other variables held constant, the net assets of the Debt Sub-Fund would have been higher by Rs. 0.10 (2020: 0.15) million and net income of the Fund would have been higher by Rs. 0.1 (2020: 0.15) million. In case of 100 basis points decrease in KIBOR on June 30, 2021, with all other variables held constant, the net assets of the Fund would have been lower by Rs. 0.1 (2020: 0.15) million and net income for the year would have been lower by Rs. 0.1 (2020: 0.15) million.

The composition of the Fund's investment portfolio and rates announced by Financial Market Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets and net income due to future movements in interest rates.

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

		2021																				
		Equity Sub-Fund					Debt Sub-Fund					Money Market Sub-Fund					Total					
Yield / Interest rate	Exposed to yield / interest rate risk	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	Exposed to yield / interest rate risk	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	Exposed to yield / interest rate risk	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total		
%		Rupees in '000					%		Rupees in '000					%		Rupees in '000						
On-balance sheet financial instruments																						
Financial assets																						
	3.5% - 6.96%	10,208	-	-	-	10,208	3.25% - 6.91%	39,787	-	-	-	-	39,787	3.94% - 6.61%	50,267	-	-	-	-	50,267	100,262	
Bank balances		-	-	-	-	-		-	-	-	-	-	-		-	-	-	-	-	-	188,120	
Listed equity securities		-	-	-	188,120	188,120		-	-	-	-	-	-		-	-	-	-	-	-	-	
Government of Pakistan - Ijara Sukuku		-	-	-	-	-	6.396%	-	-	36,906	-	-	36,906	6.396%	-	-	11,654	-	-	-	11,654	48,560
Term finance certificates and sukuk bonds		-	-	-	-	-	KIBOR plus	-	-	-	-	-	-		-	-	-	-	-	-	-	
Commercial papers		-	-	-	-	-	0.5% - 3%	-	3,214	7,004	-	-	10,218	7.90%	2,974	-	-	-	-	-	-	10,218
Dividend and accrued mark-up		-	-	-	69	69		-	-	-	1,019	1,019		-	-	-	-	-	713	713	1,801	
Advances and deposits		-	-	-	2,693	2,693		-	-	-	294	294		-	-	-	-	-	133	133	3,120	
		10,208	-	-	190,882	201,090		39,787	3,214	43,910	1,313	88,224		53,241	-	11,654	-	-	846	65,741	355,055	
Financial liabilities																						
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	-	266	266		-	-	-	135	135		-	-	-	-	-	99	99	500	
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	29	29		-	-	-	14	14		-	-	-	-	-	11	11	54	
Accrued expenses and other liabilities		-	-	-	765	765		-	-	-	341	341		-	-	-	-	-	430	430	1,536	
		-	-	-	1,060	1,060		-	-	-	490	490		-	-	-	-	-	540	540	2,090	
On-balance sheet gap		10,208	-	-	189,822	200,030		39,787	3,214	43,910	823	87,734		53,241	-	11,654	-	-	306	65,201	352,965	
Off-balance sheet financial instruments																						
Off-balance sheet gap																						

		2020																				
		Equity Sub-Fund					Debt Sub-Fund					Money Market Sub-Fund					Total					
Yield / Interest rate	Exposed to yield / interest rate risk	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	Exposed to yield / interest rate risk	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	Exposed to yield / interest rate risk	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total		
%		Rupees in '000					%		Rupees in '000					%		Rupees in '000						
On-balance sheet financial instruments																						
Financial assets																						
	6.00% - 14.5%	9,271	-	-	-	9,271	6.00% - 14.5%	57,147	-	-	-	-	57,147	6.00% - 14.5%	50,483	-	-	-	-	50,483	116,901	
Bank balances		-	-	-	-	-		-	-	-	-	-	-		-	-	-	-	-	-	120,809	
Listed equity securities		-	-	-	120,809	120,809		-	-	-	-	-	-		-	-	-	-	-	-	-	
Government of Pakistan - Ijara Sukuku		-	-	-	-	-	KIBOR plus	-	-	-	-	-	-		-	-	-	-	-	-	-	
Term finance certificates and sukuk bonds		-	-	-	-	-	1.0% - 1.4%	-	5,000	9,685	-	-	14,685	13.64%	1,953	-	-	-	-	-	1,953	16,638
Commercial papers		-	-	-	-	-		-	-	-	-	-	-		-	-	-	-	-	-	-	
Dividend and accrued mark-up		-	-	-	66	66		-	-	-	620	620		-	-	-	-	-	390	390	1,076	
Advances and deposits		-	-	-	193	193		-	-	-	549	549		-	-	-	-	-	133	133	875	
		9,271	-	-	121,068	130,339		57,147	5,000	9,685	1,169	73,001		52,436	-	-	-	-	523	52,959	256,299	
Financial liabilities																						
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	-	204	204		-	-	-	106	106		-	-	-	-	-	68	68	378	
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	17	17		-	-	-	11	11		-	-	-	-	-	7	7	35	
Accrued expenses and other liabilities		-	-	-	3,682	3,682		-	-	-	228	228		-	-	-	-	-	134	134	4,044	
		-	-	-	3,903	3,903		-	-	-	345	345		-	-	-	-	-	209	209	4,457	
On-balance sheet gap		12,902	-	-	117,165	126,436		57,147	5,000	9,685	824	72,656		52,436	-	-	-	-	314	52,750	251,842	
Off-balance sheet financial instruments																						
Off-balance sheet gap																						

22. Price Risk

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

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

The Fund's overall market positions are monitored on a quarterly basis by the Board of Directors of the Pension Fund Manager.

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 6 to these financial statements. The Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the PSX 100 index. The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / decrease by approximately Rs. 1.88 million (2020: Rs. 1.21 million) if the prices of equity vary due to increase / decrease in the PSX 100 index. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the PSX 100 index and that the PSX 100 index increases / decreases by 1% on PSX 100 index with all other factors held constant.

The Pension Fund Manager uses the PSX 100 index as a reference point in making investment decisions. However, the pension fund manager does not manage the Fund's investment strategy to track the PSX 100 index or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at 30 June 2021\ and the historical correlation of the securities comprising the portfolio of the PSX 100 index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2020 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of the PSX 100 Index.

23. PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing participants' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to participants and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 22, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with long term objective, the possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the Fund and rank pari passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

24. 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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.

According to IFRS 7, Financial Instruments: Disclosure - an entity shall 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:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.

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 Equity sub-fund						
		2021						
Note		Carrying amount			Fair value			
		At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----								
Financial assets measured at fair value								
	Investment Listed equity securities							
	Listed equity securities	188,120	-	188,120	188,120	-	-	188,120
		188,120	-	188,120	188,120	-	-	188,120
Financial assets not measured at fair value								
24.1	Bank balances	-	10,208	10,208	-	-	-	-
	Dividend receivable and accrued mark-up	-	69	69	-	-	-	-
	Deposits and other receivable	-	2,600	2,600	-	-	-	-
		-	12,877	12,877	-	-	-	-
Financial liabilities not measured at fair value								
24.1	Payable to the Pension Fund Manager	-	266	266	-	-	-	-
	Payable to the Trustee	-	29	29	-	-	-	-
	Payable against purchas of investments	-	252	252	-	-	-	-
	Payable against redemption of units	-	16	16	-	-	-	-
	Accrued expenses and other liabilities	-	3,957	3,957	-	-	-	-
24.3	Net assets attributable to unit holders	-	196,033	196,033	-	-	-	-
		-	200,553	200,553	-	-	-	-

		Held by Equity sub-fund					
		2020					
Note	Mandatorily at fair value through profit or loss	Carrying Amount		Level 1	Fair Value		Total
		Designated as at fair value through profit or loss	Fair value through other comprehensive income		Level 2	Level 3	
Rupees in'000							
	Financial assets measured at fair value						
	Investment Listed equity securities						
	Listed equity securities	120,809	-	120,809	120,809	-	120,809
		120,809	-	120,809	120,809	-	120,809
	Financial assets not measured at fair value						
24.1	Bank balances	-	9,271	9,271	-	-	-
	Dividend receivable and accrued mark-up	-	66	66	-	-	-
	Deposits and other receivable	-	100	100	-	-	-
		-	9,437	9,437	-	-	-
	Financial liabilities not measured at fair value						
24.1	Payable to the Pension Fund Manager	-	204	204	-	-	-
	Payable to the Trustee	-	17	17	-	-	-
	Payable against purchas of investments	-	3,069	3,069	-	-	-
	Payable against redemption of units	-	-	-	-	-	-
24.3	Net assets attributable to unit holders	-	3,079	3,079	-	-	-
		-	123,319	123,319	-	-	-
		-	129,688	129,688	-	-	-

		Held by Debt sub-fund					
		2021					
Note	At fair value through profit or loss	Carrying Amount		Level 1	Fair Value		Total
		At amortised cost	Total		Level 2	Level 3	
Rupees in'000							
	Financial assets measured at fair value						
	Government of Pakistan - Ijara Sukuks	36,906	-	-	36,906	-	36,906
	Term finance certificates and sukuk bonds	10,218	-	-	10,218	-	10,218
		47,124	-	-	47,124	-	47,124
	Financial assets not measured at fair value						
24.1	Bank balances	-	39,787	39,787	-	-	-
	Dividend receivable and accrued mark-up	-	1,019	1,019	-	-	-
	Deposits and other receivable	-	100	100	-	-	-
		-	40,906	40,906	-	-	-
	Financial liabilities not measured at fair value						
24.1	Payable to the Pension Fund Manager	-	135	135	-	-	-
	Payable to the Trustee	-	14	14	-	-	-
	Payable against redemption of units	-	122	122	-	-	-
	Accrued expenses and other liabilities	-	869	869	-	-	-
24.3	Net assets attributable to unit holders	-	86,844	86,844	-	-	-
		-	87,984	87,984	-	-	-

		Held by Debt sub-fund					
		2020					
Note	At fair value through profit or loss	Carrying Amount		Level 1	Fair Value		Total
		At amortised cost	Total		Level 2	Level 3	
Rupees in'000							
	Financial assets measured at fair value						
	Term finance certificates and sukuk bonds	23,339	-	23,339	-	23,339	23,339
		23,339	-	23,339	-	23,339	23,339
	Financial assets not measured at fair value						
24.1	Bank balances	-	57,147	57,147	-	-	-
	Dividend receivable and accrued mark-up	-	620	620	-	-	-
	Deposits and other receivable	-	549	549	-	-	-
		-	58,316	58,316	-	-	-
	Financial liabilities not measured at fair value						
24.1	Payable to the Pension Fund Manager	-	106	106	-	-	-
	Payable to the Trustee	-	11	11	-	-	-
	Accrued expenses and other liabilities	-	228	228	-	-	-
24.3	Net assets attributable to unit holders	-	71,853	71,853	-	-	-
		-	72,198	72,198	-	-	-

Held by Money Market sub-fund							
2021							
Note	Carrying Amount			Fair Value			
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- Rupees in'000 -----							
Financial assets measured at fair value							
	11,654	-	11,654	-	11,654	-	11,654
24.2	2,974	-	2,974	-	2,974	-	2,974
	<u>14,628</u>	<u>-</u>	<u>14,628</u>	<u>-</u>	<u>14,628</u>	<u>-</u>	<u>14,628</u>
Financial assets not measured at fair value							
24.1	-	50,267	50,267	-	-	-	-
	-	713	713	-	-	-	-
	-	100	100	-	-	-	-
	<u>-</u>	<u>51,080</u>	<u>51,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
24.1	-	99	99	-	-	-	-
	-	11	11	-	-	-	-
	-	665	665	-	-	-	-
24.3	-	64,519	64,519	-	-	-	-
	<u>-</u>	<u>65,294</u>	<u>65,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Held by Money Market sub-fund							
2020							
Note	Carrying Amount			Fair Value			
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- Rupees in'000 -----							
Financial assets measured at fair value							
24.2	1,953	-	1,953	-	1,953	-	1,953
	<u>1,953</u>	<u>-</u>	<u>1,953</u>	<u>-</u>	<u>1,953</u>	<u>-</u>	<u>1,953</u>
Financial assets not measured at fair value							
24.1	-	50,483	50,483	-	-	-	-
	-	390	390	-	-	-	-
	-	133	133	-	-	-	-
	<u>-</u>	<u>51,006</u>	<u>51,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
24.1	-	68	68	-	-	-	-
	-	7	7	-	-	-	-
	-	134	134	-	-	-	-
24.3	-	52,127	52,127	-	-	-	-
	<u>-</u>	<u>52,336</u>	<u>52,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 24.1** 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.
- 24.2** The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.
- 24.3** Net assets attributable to participants. 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 participants approximates their fair value. The units are categorised into Level 2 of the fair value hierarchy.

25. FINANCIAL PERFORMANCE

25.1 Equity sub-fund

	Equity Sub-Fund					
	2021	2020	Change	2019	2018	2017
	Rupees in '000		%	Rupees in '000		
Net income for the year before taxation	43,928	12,326	256.38	(30,725)	(15,219)	41,151
Net gain / (loss) on sale of investments	19,927	6,569	203.35	(14,024)	(3,809)	37,880
Net unrealised gain of investments classified as financial assets at fair value through profit or loss' re-measurement	23,000	3,044	655.58	(21,010)	(25,403)	3,982
Dividend income / mark-up on bank deposits	6,333	6,360	-0.42	8,851	8,314	7,846
Net assets value per unit	465.5652	343.4056	35.57	323.8249	388.2683	441.3274
Transactions in securities			0.00			
Purchases	202,779	159,439	27.18	159,439	140,157	339,346
Sales	178,395	166,208	7.33	166,208	145,973	344,054
Total contribution received			0.00			
Amount received / receivable on issuance of units	169,075	30,078	462.12	81,294	32,117	35,872

25.2 Debt sub-fund

	Debt Sub-Fund					
	2021	2020	Change	2019	2018	2017
	Rupees in '000		%	Rupees in '000		
Net income for the year before taxation	4,265	4,940	789.23	6,461	3,621	4,518
Net gain / (loss) on sale of investments	3	(1,136)	100.00	(105)	182	1,346
Net unrealised gain of investments classified as financial assets at fair value through profit or loss' re-measurement	409	53	671.70	(57)	(477)	(163)
Dividend income / mark-up on bank deposits	5,629	7,584	-25.78	8,499	5,541	4,973
Dividend income / mark-up on bank deposits	172.1510	163.5160	5.28	152.2556	141.8178	137.8331
Transactions in securities			0.00			
Purchases	1,000	36,990	-97.30	36,990	63,723	11,861
Sales	1,800	41,516	100.00	41,516	57,647	46,965
Total contribution received			0.00			
Amount received / receivable on issuance of units	129,931	38,501	237.47	51,200	43,516	23,277

25.3 Money market sub-fund

	Money Market Sub-Fund					
	2021	2020	Change	2019	2018	2017
	Rupees in '000		%	Rupees in '000		
Net income for the year before taxation	2,874	3,923	-26.74	5,334	2,590	2,856
Net gain / (loss) on sale of investments	(84)	-	100.00	(2)	54	540
Net unrealised gain of investments classified as financial assets at fair value through profit or loss' re-measurement	74	-	0.00	-	-	-
Dividend income / mark-up on bank deposits	4,332	5,068	-14.52	6,852	4,177	3,657
Dividend income / mark-up on bank deposits	167.7456	160.7700	4.34	148.7409	139.3646	134.7699
Transactions in securities			0.00			
Purchases	5,886	10,956	100.00	10,956	48,007	-
Sales	-	10,971	100.00	10,971	48,061	20,368
Total contribution received			0.00			
Amount received / receivable on issuance of units	125,684	17,336	624.99	46,520	31,617	30,385

25.4 Highest and lowest issue price of units during the year

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Highest issue price	485.1731	421.5865	171.9131	164.5904	167.7456	160.7700
Lowest issue price	352.2838	266.5793	163.5630	152.3535	160.8081	148.8307

26. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on August 26, 2021.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL

Pension Fund

NAME OF FUND	HBL Pension Fund
NAME OF AUDITOR	Yousuf Adil Chartered Accountants
NAME OF TRUSTEE	Central Depository Company of Pakistan
NAME OF BANKERS	Habib Bank Limited Faysal Bank Limited Allied Bank JS Bank Limited NIB Bank Limited Sindh Bank Limited Soneri Bank Limited Zarai Taraqati Bank Limited

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

HBL PENSION FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 23, 2021

Handwritten initials



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

We have audited the annexed financial statements comprising:

- i. Statement of Asset and Liabilities;
- ii. Income Statement;
- iii. Statement of Comprehensive Income;
- iv. Cash Flow Statement; and
- v. Statement of movement in Participants' Fund;

of **HBL Pension Fund** ("the Fund") as at June 30, 2021 together with the notes forming part thereof, for the year then ended.

It is the responsibility of HBL Asset Management Limited (the Pension Fund Manager) to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified by Securities Exchange Commission of Pakistan under the Companies Act, 2017 and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements prepared for the year ended June 30, 2021 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2021 and of the transactions of the Fund for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) the financial statements prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.



Other matter:

The annual financial statements of the Fund for the year ended June 30, 2020 were audited by another firm of chartered accountants, who vide their audit report dated September 24, 2020, expressed an unmodified opinion thereon.


Chartered Accountants

Engagement Partner
Hena Sadiq

Place: Karachi
Dated: September 27, 2021

HBL PENSION FUND
Statement of Assets and Liabilities
As at June 30, 2021

	Note	2021				2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Rupees in '000									
ASSETS									
Bank balances	5	11,229	75,173	105,269	191,671	8,088	19,604	55,999	83,691
Investments	6	208,734	117,488	157,867	484,089	194,609	188,732	83,644	466,985
Dividend and profit receivable	7	403	1,990	326	2,719	59	3,430	255	3,744
Deposits and other receivables	8	2,631	205	179	3,015	131	207	180	518
Total assets		222,997	194,856	263,641	681,494	202,887	211,973	140,078	554,938
LIABILITIES									
Payable to HBL Asset Management Limited - Pension Fund Manager	9	304	283	365	952	281	339	234	854
Payable to Central Depository Company of Pakistan Limited - Trustee	10	32	27	35	94	28	29	19	76
Payable to Securities and Exchange Commission of Pakistan	11	54	49	46	149	59	50	36	145
Accrued expenses and other liabilities	12	9,977	2,940	2,727	15,644	4,210	2,305	1,643	8,158
Total liabilities		10,367	3,299	3,173	16,839	4,578	2,723	1,932	9,233
NET ASSETS		212,630	191,557	260,469	664,656	198,309	209,250	138,146	545,705
PARTICIPANT'S SUB FUND (AS PER STATEMENT ATTACHED)		212,630	191,557	260,469	664,656	198,309	209,250	138,146	545,705
CONTINGENCIES AND COMMITMENTS									
18.									
----- Number of units -----					----- Number of units -----				
Number of units in issue	14	490,664	888,556	1,393,395		611,379	1,016,164	777,841	
----- Rupees -----					----- Rupees -----				
Net assets value per unit		433.3512	215.5798	186.9322		324.3643	205.9216	177.6024	

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL PENSION FUND

Income Statement and Statement of Comprehensive Income

For the year ended June 30, 2021

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- Rupees in '000 -----								
INCOME								
Dividend income	9,094	-	-	9,094	10,305	-	-	10,305
Profit on bank deposits	618	1,912	2,995	5,525	1,675	2,902	5,983	10,560
Mark-up / return on investments	-	15,027	10,254	25,281	-	18,112	10,127	28,239
Net gain / (loss) on sale of investments	37,698	(4,859)	(42)	32,797	4,767	5,408	172	10,347
Net unrealised gain / (loss) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	21,284	965	49	22,298	(3,813)	9,045	22	5,254
Total Income	68,694	13,045	13,256	94,995	12,934	35,467	16,304	64,705
EXPENSES								
Remuneration of HBL Asset Management Limited - Pension Fund Manager including Sales Tax thereon- Pension Fund Manager	3,693	3,313	3,101	10,107	3,487	2,981	2,112	8,580
Remuneration of Central Depository Company of Pakistan Limited - Trustee	370	331	310	1,011	350	299	212	861
Annual fee to Securities and Exchange Commission of Pakistan	54	49	46	149	59	50	36	145
Auditors' remuneration	143	129	113	385	152	125	91	368
Settlement and bank charges	62	28	24	114	60	32	29	121
Securities transaction cost	1,085	-	-	1,085	550	-	-	550
Fee and subscription	230	-	-	230	117	19	5	141
	5,637	3,850	3,594	13,081	4,775	3,506	2,485	10,766
Net income from operating activities	63,057	9,195	9,662	81,914	8,159	31,961	13,819	53,939
Provision for Sindh Workers' Welfare Fund	(1,237)	(180)	(189)	(1,606)	(160)	(627)	(271)	(1,058)
Net income for the year before taxation	61,820	9,015	9,473	80,308	7,999	31,334	13,548	52,881
Taxation	-	-	-	-	-	-	-	-
Net income for the year after taxation	61,820	9,015	9,473	80,308	7,999	31,334	13,548	52,881
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	61,820	9,015	9,473	80,308	7,999	31,334	13,548	52,881

The annexed notes from 1 to 26 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL PENSION FUND
Statement of Movement in Participants' Funds
For the year ended June 30, 2021

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- Rupees in '000 -----								
Net assets at beginning of the year	198,309	209,250	138,146	545,705	192,704	144,720	124,210	461,634
Amount received / receivable on issuance of units	178,258	281,762	401,535	861,555	38,004	83,299	38,700	160,003
Amount paid / payable on redemption of units	(220,881)	(310,276)	(291,755)	(822,912)	(51,774)	(42,100)	(34,939)	(128,813)
Reallocation among sub-funds	(4,876)	1,806	3,070	-	11,376	(8,003)	(3,373)	-
	(47,499)	(26,708)	112,850	38,643	(2,394)	33,196	388	31,190
Net gain / (loss) on sale of investment - net	37,698	(4,859)	(42)	32,797	4,767	5,408	172	10,347
Net unrealised gain / (loss) on re-measurement of investments classified as financial assets at fair value through profit or loss	21,284	965	49	22,298	(3,813)	9,045	22	5,254
Other net income for the year	2,838	12,909	9,466	25,213	7,045	16,881	13,354	37,280
Total comprehensive income for the year	61,820	9,015	9,473	80,308	7,999	31,334	13,548	52,881
Net assets at end of the year	212,630	191,557	260,469	664,656	198,309	209,250	138,146	545,705
Net assets value per unit at beginning of the year	324.3643	205.9216	177.6024		315.2585	171.9703	158.7278	
Net assets value per unit at end of the year	433.3512	215.5798	186.9322		324.3643	205.9216	177.6024	

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL PENSION FUND

Cash Flow Statement

For the year ended June 30, 2021

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- Rupees in '000 ----- Rupees in '000 -----								
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income for the year before taxation	61,820	9,015	9,473	80,308	7,999	31,334	13,548	52,881
Adjustments for:								
Net (gain) / (loss) on sale of investments -net	(37,698)	4,859	42	(32,797)	(4,767)	(5,408)	(172)	(10,347)
Unrealised (gain) / loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(21,284)	(965)	(49)	(22,298)	3,813	(9,045)	(22)	(5,254)
Dividend Income	(9,094)	-	-	(9,094)	(10,305)	-	-	(10,305)
Mark-up on bank deposits	(618)	(1,912)	(2,995)	(5,525)	(1,675)	(2,902)	(5,983)	(10,560)
Mark-up / return from investments	-	(15,027)	(10,254)	(25,281)	-	(18,112)	(10,127)	(28,239)
Provision for Sindh Workers' Welfare Fund (SWWF)	1,237	180	189	1,606	160	627	271	1,058
	(5,637)	(3,850)	(3,594)	(13,081)	(4,775)	(3,506)	(2,485)	(10,766)
(Increase) / decrease in assets								
Investments - net	44,857	67,350	(74,216)	37,991	(15,380)	(88,506)	(68,616)	(172,502)
Deposits and other receivables	(2,500)	2	1	(2,497)	1,000	(1)	(2)	997
	42,357	67,352	(74,215)	35,494	(14,380)	(88,507)	(68,618)	(171,505)
Increase / (decrease) in liabilities								
Payable to HBL Asset Management Limited - Pension Fund Manager	23	(56)	131	98	5	127	32	164
Payable to Central Depository Company of Pakistan Limited - Trustee	4	(2)	16	18	1	10	2	13
Payable to Securities and Exchange Commission of Pakistan	(5)	(1)	10	4	(21)	(3)	(12)	(36)
Accrued expenses and other liabilities	4,530	455	894	5,879	1,477	(287)	(565)	625
	4,552	396	1,051	5,999	1,462	(153)	(543)	766
Dividend received	8,724	-	-	8,724	10,387	-	-	10,387
Mark-up received on bank deposits	644	1,790	2,924	5,358	1,743	3,294	6,718	11,755
Mark-up received on investments	-	16,589	10,254	26,843	-	15,965	10,127	26,092
Net cash generated / (used in) from operating activities	50,640	82,277	(63,580)	69,337	(5,563)	(72,907)	(54,801)	(133,271)
CASH FLOWS FROM FINANCING ACTIVITIES								
Amount received on issuance of units	178,258	281,762	401,535	861,555	38,004	83,299	38,700	160,003
Amount paid on redemption of units	(220,881)	(310,276)	(291,755)	(822,912)	(51,774)	(42,100)	(34,939)	(128,813)
Reallocation among funds	(4,876)	1,806	3,070	-	11,376	(8,003)	(3,373)	-
Net cash (used in) / generated from financing activities	(47,499)	(26,708)	112,850	38,643	(2,394)	33,196	388	31,190
Net increase / (decrease) in cash and cash equivalents during the year	3,141	55,569	49,270	107,980	(7,957)	(39,711)	(54,413)	(102,081)
Cash and cash equivalents at beginning of the year	8,088	19,604	55,999	83,691	16,045	59,315	110,412	185,772
Cash and cash equivalents at end of the year	11,229	75,173	105,269	191,671	8,088	19,604	55,999	83,691

The annexed notes from 1 to 26 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a pension fund on October 05, 2011.

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

The Fund is an unlisted open end pension scheme and offers units for public subscription on a continuous basis. The units are non-transferable except in the circumstances mentioned in VPS Rules and can be redeemed by surrendering to the Fund. Further, as per the offering document, no distribution of income or dividend is allowed from any of the sub-funds.

The objective of the Fund is to provide individuals with a portable, individualised, funded (based on defined contribution), flexible pension scheme, assisting and facilitating them to plan and provide for their retirement.

The Fund consists of three sub-funds namely, HBL Pension Fund Equity Sub-Fund ("Equity Sub-Fund"), HBL Pension Fund Debt Sub-Fund ("Debt Sub-Fund") and HBL Pension Fund Money Market Sub-Fund ("Money Market Sub-Fund") (collectively the "Sub-Funds"). The investment policy for each of the sub-funds is as follows:

- The Equity Sub-Fund consists of a minimum 90% of net assets invested in listed equity securities. Investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) or paid-up capital of the investee company. Investment in a single stock exchange sector is restricted to the higher of 30% of NAV or index weight, subject to a maximum of 35% of NAV. Remaining assets of the equity sub-fund shall be invested in any government security having less than one year time to maturity, or be deposited with scheduled commercial banks having at least 'A' rating. Composition of the remaining portion of the investments shall be as defined in the offering document.
- The Debt Sub-Fund consist of tradable debt securities with weighted average duration of the investment portfolio of the Sub-Fund not exceeding five years. At least twenty five percent (25%) of the assets in the Sub-Fund shall be invested in securities issued by the Federal Government. Upto twenty five percent (25%) may be deposited with banks having not less than 'AA+' rating with stable outlook.
- The Money Market Sub-Fund consists of short term debt instruments with weighted average time to maturity not exceeding ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government and deposits with commercial banks with 'A+' or higher rating. However, deposits with a single commercial bank having 'A+' or higher rating shall not exceed 20% of net assets of money market sub-fund. Investment in securities issued by provincial government, city government, government corporate entities with 'A' or higher rating or a corporate entity with 'A+' or higher rating or a government corporation with 'A+' or higher rating shall be in proportion as defined in the offering document.

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

VIS Credit Rating Company Limited has assigned management quality rating of 'AM2+ (stable)' (2019: 'AM2+') to the Pension Fund Manager while the Fund is currently not rated.

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

1.1 COVID-19 impact

The coronavirus (COVID-19) outbreak situation emerged last year in March 2020, has caused governments around the world to implement measures to help control its spread, including, smart lock-downs, travel bans, quarantines, social-distancing closures or reduced operations for non-essential businesses, governmental agencies, schools and other institutions and vaccination.

General economic activities in Pakistan was although affected but continued since then. Stock markets and financial institutions remained open throughout the year. Activities of the Fund were operational during the year as staff of the Management Company were working without any disruption either from office or online remotely.

The management of the Fund is closely monitoring the situation, and there has not been any material adverse impact on fiscal and economic fronts facing the country and therefore not materially affected the financial performance 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 the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the requirements of the VPS Rules or provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates the results of which form the basis of making the judgement about the carrying values of assets and liabilities that are not readily apparent from other source

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification of financial assets (Note 4.2.2)
- (b) impairment of financial assets (Note 4.2.3)
- (c) provisions (Note 4.3)

2.3 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for the investments which are stated at fair value.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded off to the nearest thousands of Rupee, unless otherwise indicated.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the fund operations or are not expected to have significant impact on the fund financial statements other than certain additional disclosures.

	Effective for accounting periods beginning on or after:
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023

Amendments to IAS 1 'Presentation of Financial Statements' - **January 01, 2023**
Disclosure of accounting policies

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates **January 01, 2023**

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction. **January 01, 2023**

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all period presented in the preparation of these financial statements are set out below.

4.1 Cash and cash equivalents

Cash comprises savings accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.2 Financial assets and liabilities

4.2.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.2.2 Classification and measurement

4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVTOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

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

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

Financial asset at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

Business model assessment

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

4.2.2.2 Financial liabilities

The Fund classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Fair value through profit or loss ("FVTPL").

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

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

4.2.3 Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

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

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

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

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

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

Basis of valuation of debt securities

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

Basis of valuation of government securities

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

Basis of valuation of instruments at amortised cost:

Subsequent to initial recognition, financial instruments classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial instruments carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.2.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.6 Derecognition

Financial assets

The Fund derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

Financial liabilities

The Fund derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired.

4.2.7 Offsetting of financial instruments

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

4.3 Provisions

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

4.4 Revenue recognition

- Mark-up on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the sales transaction takes place.
- Unrealised gains / (losses) arising on re - measurement of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

4.5 Taxation

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

4.6 Issue and redemption of units

Contribution received in the individual pension account after deduction of applicable front end fee is used to purchase the units of sub-funds of the pension fund according to the Allocation Scheme selected by the participant. The units are allotted at the net asset value notified by the Pension Fund Manager at the close of the business day for each sub-fund on the date on which funds are actually realized against application. The front end fee is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocation of the sub-fund units of all the participants are according to the Allocation Schemes selected by the participants. In case of withdrawal before retirement, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day on which such request is received by the distributor before the cut off time. Redemption of units is recorded on acceptance of application for redemption.

In case of retirement of the participant, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day on which retirement age is reached.

In case of change of Pension Fund Manager, units are redeemed at the net asset value of each of the sub-fund as of the close of the business day corresponding to the date of change specified by the participant.

4.7 Net asset value per unit

The Net asset value (NAV) per unit, as disclosed in statement of assets and liabilities, is calculated by dividing the net assets of each of the sub-fund by the number of units in circulation of that sub-fund at the year end.

4.8 Earnings per unit (EPU)

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

5. BANK BALANCES

	2021				2020				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Note	Rupees in '000								
Savings accounts	5.1	11,229	75,173	105,269	191,671	8,088	19,604	55,999	83,691

5.1 This includes balances of Rs. 94.99 million (2020: 48.51 million) with Habib Bank Limited (a related party) and these accounts carry profit at the rates of 5.5% to 7.85% (2020: 7.8%) respectively. Other PLS accounts of the Fund carry profit at the rates of 5.5% to 8.65% (2020: 7% to 13.4%) per annum.

6. INVESTMENTS

	Note	2021				2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Investments by category									
At fair value through profit or loss									
Listed equity securities	6.1	208,734	-	-	208,734	194,609	-	-	194,609
Government securities									
- Market treasury bills	6.2	-	29,801	148,944	178,745	-	75,931	78,770	154,701
- Pakistan investment bonds		-	46,758	-	46,758	-	86,642	-	86,642
Term finance certificates and sukuk bonds	6.3	-	32,997	-	32,997	-	26,159	-	26,159
Commercial papers	6.4	-	7,932	8,923	16,855	-	-	4,874	4,874
		208,734	117,488	157,867	484,089	194,609	188,732	83,644	466,985

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

Held by Equity Sub-Fund

Name of the Investee Company	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise										
(Number of Shares) ----- Rupees in '000 ----- (%) -----										
AUTOMOBILE ASSEMBLER										
Pak Suzuki Motor Company Limited	24,000	11,500	-	29,000	6,500	1,805	2,310	1.11%	1.09%	0.01%
Ghandara Nissan Limited	-	18,500	-	18,500	-	-	-	-	-	-
Millat Tractors Limited	-	9,200	112	5,500	3,812	4,207	4,115	1.97%	1.94%	0.01%
Honda Atlas Cars (Pakistan) Limited	-	31,500	-	21,000	10,500	4,143	3,631	1.74%	1.71%	0.01%
Indus Motor Company Limited	-	2,000	-	620	1,380	1,650	1,731	0.83%	0.81%	0.00%
Sazgar Engineering Works Limited	10,100	-	-	10,100	-	-	-	0.00%	0.00%	0.00%
	34,100	72,700	112	84,720	22,192	11,805	11,787	5.65%	5.55%	0.03%
AUTOMOBILE PARTS AND ACCESSORIES										
Thal Limited (Par value Rs. 5 each)	16,500	-	-	16,500	-	-	-	-	-	-
General Tyre and Rubber Co. of Pakistan Limited	-	57,000	-	12,000	45,000	4,058	3,952	1.89%	1.86%	0.04%
Panther Tyres Limited	-	28,730	-	-	28,730	2,019	1,986	0.95%	0.93%	0.02%
	16,500	85,730	-	28,500	73,730	6,077	5,938	2.84%	2.79%	0.06%
CEMENT										
Cherat Cement Company Limited	33,500	6,000	-	33,500	6,000	990	1,064	0.51%	0.50%	0.00%
D.G.Khan Cement Company Limited	23,000	60,300	-	56,200	27,100	2,978	3,196	1.53%	1.50%	0.01%
Kohat Cement Limited	31,000	9,200	-	31,500	8,700	1,916	1,796	0.86%	0.84%	0.00%
Lucky Cement Limited	26,350	2,500	-	8,800	20,050	9,559	17,312	8.29%	8.14%	0.01%
Attock Cement Pakistan Limited	-	31,000	-	1,500	29,500	5,280	5,305	2.54%	2.49%	0.02%
Fauji Cement Company Limited	-	108,000	-	108,000	-	-	-	-	-	-
Pioneer cement limited	-	66,500	-	34,000	32,500	4,042	4,260	2.04%	2.00%	0.01%
Maple Leaf Cement Factory Limited	132,500	55,000	-	102,000	85,500	2,791	4,017	1.92%	1.89%	0.01%
	246,350	338,500	-	375,500	209,350	27,556	36,950	17.69%	17.36%	0.06%
CHEMICAL										
Engro Polymer and Chemicals Limited	75,000	106,000	-	181,000	-	-	-	-	-	-
I.C.I Pakistan Limited	5,000	2,700	-	7,700	-	-	-	-	-	-
Nimir Resins Limited	-	277,000	-	177,000	100,000	2,250	2,015	0.97%	0.95%	0.04%
Lotte Chemical Pakistan Limited	-	272,000	-	272,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	9,100	1,000	-	10,100	-	-	-	-	-	-
Sitara Peroxide Limited	89,000	5,000	-	94,000	-	-	-	-	-	-
	178,100	663,700	-	741,800	100,000	2,250	2,015	0.97%	0.95%	0.04%
COMMERCIAL BANKS										
Allied Bank Limited	100	-	-	100	-	-	-	-	-	-
Bank Al-Falah Limited	267,185	78,000	-	345,185	-	-	-	-	-	-
Bank Al-Habib Limited	56,000	-	-	56,000	-	-	-	-	-	-
Bank of Punjab Limited	549,000	140,000	-	689,000	-	-	-	-	-	-
Faysal Bank Limited	156,340	70,000	-	225,500	840	13	14	0.01%	0.01%	0.00%
MCB Bank Limited	25,100	35,500	-	20,500	40,100	6,824	6,409	3.07%	3.01%	0.00%
Meezan Bank Limited	270	39,000	27	23,000	16,297	1,484	1,881	0.90%	0.88%	0.00%
National Bank of Pakistan	80,000	-	-	80,000	-	-	-	-	-	-
Habib Metro Metropolitan Limited	-	52,500	-	52,500	-	-	-	-	-	-
Standard Chartered Bank (Pakistan) Limited	165,000	20,000	-	-	185,000	5,218	6,268	3.00%	2.95%	0.00%
United Bank Limited	59,762	97,996	-	55,500	102,258	11,605	12,496	5.99%	5.88%	0.01%
	1,358,737	532,996	27	1,547,285	344,495	25,144	27,068	12.97%	12.73%	0.01%
ENGINEERING										
International Industries Limited	10,700	13,000	-	10,000	13,700	1,886	2,891	1.39%	1.36%	0.01%
International Steels Limited	19,000	32,000	-	31,000	20,000	1,473	1,868	0.89%	0.88%	0.00%
Aisha Steel Mills Limited	-	90,000	-	12,000	78,000	1,990	1,943	0.93%	0.91%	0.01%
Amreli Steel Mills Limited	-	54,000	-	54,000	-	-	-	-	-	-
Agha Steels Industries Limited	-	93,500	-	500	93,000	3,329	3,137	1.50%	1.48%	0.02%
Mughal Iron and Steel Industries Limited	100,675	49,640	-	119,320	30,995	2,153	3,236	1.55%	1.52%	0.01%
	130,375	332,140	-	226,820	235,695	10,831	13,075	3.21%	3.15%	0.05%
FERTILIZER										
Engro Fertilizers Limited	33,500	68,000	-	101,500	-	-	-	-	-	-
Engro Corporation Limited	33,860	32,602	-	42,060	24,402	7,237	7,189	3.44%	3.38%	0.00%
Fauji Fertilizer Company Limited	55,000	20,000	-	75,000	-	-	-	-	-	-
	122,360	120,602	-	218,560	24,402	7,237	7,189	3.44%	3.38%	0.00%
GLASS & CERAMICS										
Tariq Glass Limited	50,000	45,500	7,125	102,625	-	-	-	-	-	-
	50,000	45,500	7,125	102,625	-	-	-	-	-	-

HBL PENSION FUND

Notes to the Financial Statements

For the year ended June 30, 2021

Name of the Investee Company	As at July 1, 2020	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise										
(Number of Shares) ----- Rupees in '000 ----- (%) -----										
INSURANCE										
Adamjee Insurance Company Limited	72,000	-	-	72,000	-	-	-	-	-	-
IGI Life Insurance Limited	-	32,000	-	-	32,000	1,966	1,508	0.72%	0.71%	0.02%
IGI Holdings Limited	16,500	8,000	-	-	24,500	4,623	4,742	2.27%	2.23%	0.02%
	88,500	40,000	-	72,000	56,500	6,589	6,250	2.99%	2.94%	0.04%
LEATHER & TANNERIES										
Bata Pakistan Limited	1,060	-	-	1,060	-	-	-	-	-	-
Service Industries Limited	-	1,800	-	1,800	-	-	-	-	-	-
	1,060	1,800	-	2,860	-	-	-	-	-	-
CABLE & ELECTRICAL GOODS										
Waves Singer Pakistan Limited	-	288,000	-	209,000	79,000	2,076	2,154	1.03%	1.01%	0.03%
Pak Elektron Limited	-	58,500	-	1,000	57,500	2,048	2,016	0.97%	0.95%	0.13%
	-	346,500	-	210,000	136,500	4,124	4,170	2.00%	1.96%	0.16%
OIL AND GAS EXPLORATION COMPANIES										
Mari Petroleum Company Limited	9,320	1,000	-	7,100	3,220	4,232	4,909	2.35%	2.31%	0.00%
Oil and Gas Development Company Limited	129,600	72,000	-	80,400	121,200	12,635	11,518	5.52%	5.42%	0.00%
Pakistan Oilfields Limited	5,500	13,650	-	8,600	10,550	4,021	4,155	1.99%	1.95%	0.00%
Pakistan Petroleum Limited	106,298	64,793	-	59,300	111,791	10,228	9,707	4.65%	4.57%	0.00%
	250,718	151,443	-	155,400	246,761	31,116	30,289	14.51%	14.25%	0.00%
OIL AND GAS MARKETING COMPANIES										
Pakistan State Oil Company Limited	42,977	22,500	-	28,500	36,977	6,913	8,292	3.97%	3.90%	0.01%
Shell Pakistan Limited	-	7,000	-	7,000	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	60,200	16,000	-	76,200	-	-	-	-	-	-
	103,177	45,500	-	111,700	36,977	6,913	8,292	3.97%	3.90%	0.01%
MISCELLANEOUS										
Tri-Pack Films Limited	-	6,000	-	6,000	-	-	-	-	-	-
Synthetic Products Enterprises Limited	-	24,000	-	24,000	-	-	-	-	-	-
	-	30,000	-	30,000	-	-	-	-	-	-
PHARMACEUTICALS										
Abbott Laboratories (Pakistan) Limited	-	-	-	-	-	-	-	-	-	-
AGP Limited	18,375	24,500	-	42,875	-	-	-	-	-	-
Glaxosmithkline (Pakistan) Limited	11,300	-	-	11,300	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	11,800	1,160	12,960	-	-	-	-	-	-
Hightnoon Laboratories Limited	9,587	-	4	9,546	45	21	27	0.01%	0.01%	0.00%
The Searle Company Limited	11,079	7,500	-	18,165	414	115	100	0.05%	0.05%	0.00%
	50,341	43,800	1,164	94,846	459	136	127	0.06%	0.06%	-
POWER GENERATION AND DISTRIBUTION										
Hub Power Company Limited	108,240	73,600	-	103,500	78,340	5,751	6,241	2.99%	2.94%	0.01%
Karachi Electric Supply Corporation	57,000	-	-	57,000	-	-	-	-	-	-
	165,240	73,600	-	160,500	78,340	5,751	6,241	2.99%	2.94%	0.01%
FOOD AND PERSONAL CARE PRODUCTS										
The Organic Meat Limited	-	185,515	-	-	185,515	4,729	6,816	3.27%	3.21%	0.17%
Unity Foods Limited	-	758,000	-	608,500	149,500	5,683	6,656	3.19%	3.13%	0.02%
National Foods Limited	-	9,000	-	9,000	-	-	-	-	-	-
Al Shaheer Corporation Limited	-	116,500	-	116,500	-	-	-	-	-	-
	-	1,069,015	-	734,000	335,015	10,412	13,472	6.46%	6.34%	0.19%
REFINERY										
Attock Refinery Limited	-	31,000	-	24,000	7,000	1,319	1,795	0.86%	0.84%	0.01%
National Refinery Limited	-	35,100	-	24,000	11,100	5,895	5,807	2.78%	2.73%	0.01%
	-	66,100	-	48,000	18,100	7,214	7,602	3.64%	3.57%	0.02%
TECHNOLOGY & COMMUNICATION										
Systems Limited	23,000	-	-	23,000	-	-	-	-	-	-
Avanceon Limited	-	34,000	4,500	11,500	27,000	1,759	2,475	1.19%	1.16%	0.01%
TPL Corporation Limited	-	273,000	-	273,000	-	-	-	-	-	-
TPL Tracker Limited	-	255,500	-	-	255,500	3,102	4,474	2.14%	2.10%	0.14%
TRG Pak Limited	-	77,500	-	51,500	26,000	4,438	4,325	2.07%	2.03%	0.00%
Netsol Tech	-	18,000	-	-	18,000	3,645	3,060	1.47%	1.44%	0.02%
	23,000	658,000	4,500	359,000	326,500	12,944	14,334	6.87%	6.73%	0.17%
TEXTILE COMPOSITE										
Gul Ahmed Textile Mills Limited	104,500	5,000	9,300	63,000	55,800	1,454	2,830	1.36%	1.33%	0.01%
Kohinoor Textile Mills Limited	-	59,000	-	18,500	40,500	2,367	3,046	1.46%	1.43%	0.01%
Nishat (Chunian) Limited	-	78,000	-	17,500	60,500	3,159	3,043	1.46%	1.43%	0.03%
Interloop Limited	42,488	32,000	-	37,500	36,988	2,056	2,590	1.24%	1.22%	0.00%
Nishat Mills Limited	39,000	38,000	-	51,000	26,000	2,315	2,425	1.16%	1.14%	0.01%
	185,988	212,000	9,300	187,500	219,788	11,351	13,934	6.68%	6.55%	0.06%
TRANSPORT										
Pakistan National Shipping Corporation	25,700	13,000	-	38,700	-	-	-	-	-	-
	25,700	13,000	-	38,700	-	-	-	-	-	-
Total as at June 30, 2021	3,030,266	4,942,626	22,228	5,530,316	2,464,804	187,450	208,734			
Total as at June 30, 2020	2,651,673	3,943,675	-	3,565,082	3,030,266	198,421	194,609			

6.1.2 Investments include 80000 shares of Oil & Gas Development Company and 30,000 shares of Pakistan Petroleum Limited, having market value of Rs. 7.60 million and Rs. 2.60 million respectively, that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.3 Finance Act, 2014 had 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 Pension Fund Manager of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, 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 mutual funds based on the premise of exemption available to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having fair market value of Rs. 0.188 million at June 30, 2021 (2020: Rs. 0.165 million) and not yet deposited on CDC account of department of Income tax. Pension Fund Manager is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in Fund's investments at year end.

6.2 Investment in government securities - at fair value through profit or loss

6.2.1 Held by Debt Sub-Fund

Issue date	Tenor	Face value			Carrying Value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund
		As at July 1, 2020	Purchases during the year	Sales / matured during the year				
----- Rupees in '000 -----								
Market treasury bills								
March 12, 2020	12 months	10,000	-	10,000	-	-	-	-
April 9, 2020	3 months	70,000	-	70,000	-	-	-	-
February 11, 2021	3 months	-	37,000	37,000	-	-	-	-
March 11, 2021	3 months	-	49,000	49,000	-	-	-	-
January 14, 2021	3 months	-	88,000	88,000	-	-	-	-
July 16, 2020	3 months	-	22,000	22,000	-	-	-	-
November 19, 2020	3 months	-	36,000	36,000	-	-	-	-
May 20, 2021	3 months	-	13,000	13,000	-	-	-	-
May 21, 2020	3 months	-	8,000	8,000	-	-	-	-
October 22, 2020	3 months	-	122,000	122,000	-	-	-	-
October 14, 2020	12 months	-	10,000	10,000	-	-	-	-
March 25, 2021	6 months	-	35,000	4,700	30,300	29,778	29,801	25.37
February 25, 2021	3 months	-	46,000	46,000	-	-	-	-
March 25, 2021	3 months	-	12,000	12,000	-	-	-	-
February 27, 2020	12 months	-	7,000	7,000	-	-	-	-
January 28, 2021	3 months	-	73,000	73,000	-	-	-	-
December 3, 2020	3 months	-	31,000	31,000	-	-	-	-
December 3, 2020	6 months	-	50	50	-	-	-	-
January 30, 2020	12 months	-	31,000	31,000	-	-	-	-
December 31, 2020	3 months	-	67,000	67,000	-	-	-	-
November 5, 2020	3 months	-	3,000	3,000	-	-	-	-
May 6, 2021	3 months	-	19,000	19,000	-	-	-	-
May 7, 2020	3 months	-	10,000	10,000	-	-	-	-
September 8, 2020	3 months	-	47,000	47,000	-	-	-	-
Total as at June 30, 2021		80,000	766,050	815,750	30,300	29,778	29,801	25.37
Total as at June 30, 2020		38,000	1,250,000	1,208,500	80,000	74,431	75,931	38,000
Pakistan Investment Bonds								
July 12, 2018	5 years	33,500	-	33,500	-	-	-	-
September 19, 2019	5 years	50,000	25,000	75,000	-	-	-	-
October 15, 2020	5 years	-	120,000	70,000	50,000	45,696	46,758	39.80
September 19, 2019	3 years	-	75,000	75,000	-	-	-	-
Total as at June 30, 2021		83,500	220,000	253,500	50,000	45,696	46,758	39.80
Total as at June 30, 2020		50	451,300	367,850	83,500	79,132	86,642	45.91

6.2.2 Held by Money Market Sub-Fund

Issue date	Tenor	Face value			Carrying Value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund	
		As at July 1, 2020	Purchases during the year	Sales / matured during the year					As at June 30, 2021
		----- Rupees in '000 -----				----- (%) -----			
Market Treasury Bills									
April 23, 2020	3 months	79,000	5,000	84,000	-	-	-	-	
February 11, 2021	3 months	-	39,000	39,000	-	-	-	-	
March 11, 2021	3 months	-	19,500	19,500	-	-	-	-	
January 14, 2021	3 months	-	93,000	93,000	-	-	-	-	
July 16, 2020	3 months	-	50,000	50,000	-	-	-	-	
November 19, 2020	3 months	-	90,000	90,000	-	-	-	-	
July 2, 2020	3 months	-	75,000	75,000	-	-	-	-	
May 20, 2021	3 months	-	52,000	10,000	42,000	41,650	41,654	26.39	
May 21, 2020	3 months	-	17,000	17,000	-	-	-	-	
October 22, 2020	3 months	-	65,000	65,000	-	-	-	-	
April 22, 2021	3 months	-	67,000	48,000	19,000	18,946	18,948	12.00	
April 22, 2021	6 months	-	70,000	-	70,000	68,411	68,452	43.36	
September 24, 2020	6 months	-	13,000	13,000	-	-	-	-	
February 25, 2021	3 months	-	62,000	62,000	-	-	-	-	
March 26, 2020	6 months	-	6,000	6,000	-	-	-	-	
February 27, 2020	12 months	-	16,000	16,000	-	-	-	-	
August 27, 2020	3 months	-	100,000	100,000	-	-	-	-	
February 28, 2021	3 months	-	114,000	114,000	-	-	-	-	
December 3, 2020	3 months	-	10,000	10,000	-	-	-	-	
January 30, 2020	3 months	-	38,000	38,000	-	-	-	-	
May 6, 2021	3 months	-	40,000	20,000	20,000	19,888	19,890	12.60	
May 7, 2020	3 months	-	14,000	14,000	-	-	-	-	
October 8, 2020	3 months	-	180,000	180,000	-	-	-	-	
April 8, 2021	3 months	-	20,000	20,000	-	-	-	-	
December 31, 2021	3 months	-	38,000	38,000	-	-	-	-	
Total as at June 30, 2021		79,000	1,293,500	1,221,500	151,000	148,895	148,944	94.35	57.11
Total as at June 30, 2020		-	1,271,000	1,192,000	79,000	78,768	78,770	94.17	57.0

6.3 Term finance certificates and sukuk bonds - at fair value through profit or loss

Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2020	Purchases during the year	Sales / Matured during the year	As at June 30, 2021	Carrying Value as at June 30, 2021	Market value as at June 30, 2021	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund
Commercial Banks								
Bank of Punjab	60	-	-	60	5,992	6,049	5.15	3.16
Bank Alfalah Limited	-	2,400	-	2,400	12,000	11,771	10.02	6.14
	60	2,400	-	2,460	17,992	17,820	15.17	9.30
Multitiilities								
Water and Power Development Authority	798	-	-	798	285	285	0.24	0.15
K-Electric Limited	1,200	-	-	1,200	1,200	1,211	1.03	0.63
Hub Power Company Limited	-	80	80	-	-	-	-	-
	1,998	80	80	1,998	1,485	1,496	1.27	0.78
Fertilizers								
Dawood Hercules Corporation Limited - Sukuk	60	-	60	-	-	-	-	-
	60	-	60	-	-	-	0.00	0.00
Miscellaneous								
International Brands Limited - Sukuk	40	-	-	40	1,641	1,638	1.39	0.86
Jahangir Siddiqui and Company Limited	2,000	-	-	2,000	7,999	7,948	6.76	4.15
TPL Trakker Limited	-	40	-	40	4,000	4,095	3.49	2.14
	2,040	40	-	2,080	13,640	13,681	11.64	7.15
Total as at June 30, 2021	4,158	2,520	140	6,538	33,117	32,997	28.08	17.23
Total as at June 30, 2020	6,958	-	2,800	4,158	37,074	26,159	13.87	12.50

6.3.1 Significant terms and conditions of Term finance certificates and sukuk bonds outstanding as at June 30, 2021 are as follows:

Name of security	Remaining principal Face value Rupees per TFC	Mark-up rate per annum	Issue date	Maturity date
Bank of Punjab	99,820	6 months KIBOR+1%	23-Dec-16	23-Dec-26
Water and Power Development Authority	357	6 months KIBOR+1%	14-Oct-13	14-Oct-21
K-Electric Limited	1,000	3 months KIBOR + 1%	17-Jun-15	17-Jun-22
Bank Alfalah Limited	5,000	6 months KIBOR + 0.75%	15-Jan-21	15-Jan-24
International Brands Limited - Sukuk	41,022	12 months KIBOR + 0.5%	15-Nov-17	15-Nov-21
Jahangir Siddiqui and Company Limited	4,000	6 months KIBOR + 1.4%	6-Mar-18	6-Mar-23
TPL Trakker Limited	1,000,000	3 months KIBOR + 3%	30-Mar-21	30-Mar-26

6.4 Commercial papers - at fair value through profit or loss

6.4.1 Held by Debt Sub-Fund

Name of Company	Maturity Date	Face Value				Carrying amount as at June 30, 2021	Percentage of total value of investments of sub-fund	Percentage of Net Assets of sub-fund
		As at July 1, 2020	Placement made during the year	Matured / Sold during the year	As at June 30, 2021			
		Rupees in '000					(%)	
K-Electric Limited	August 14, 2021	-	8,000	-	8,000	7,932	6.75	4.14
		-	8,000	-	8,000	7,932	6.75	4.14

6.4.2 Held by Money Market Sub-Fund

Name of Company	Note	Maturity date	Face Value				Carrying amount as at June 30, 2021	Percentage of total value of investments of sub-fund	Percentage of Net Assets of sub-fund
			As at July 1, 2020	Placement made during the year	Matured / Sold during the year	As at June 30, 2021			
		Rupees in '000					(%)		
K-Electric Limited		August 9, 2021	-	9,000	-	9,000	8,923	5.65	3.43
K-Electric Limited	6.4.2.1	September 10, 2020	5,000	-	5,000	-	-	-	-
			5,000	9,000	5,000	9,000	8,923	5.65	3.43

6.4.2.1 This commercial paper has been placed at discount at a rate of 8% (2020: 13.64%) per annum.

6.5 Net unrealized gain/(loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

	Equity Sub-Fund	2021 Debt Sub-Fund	Money Market Sub-Fund	Total
Market value of investments	208,734	117,488	157,867	484,089
Less: Carrying value of investments before mark to market	187,450	116,523	157,818	461,791
	21,284	965	49	22,298

	Equity Sub-Fund	2020 Debt Sub-Fund	Money Market Sub-Fund	Total
Net unrealized gain/(loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'				
Market value of investments	194,609	188,732	78,770	462,111
Less: Carrying value of investments before mark to market	198,421	179,687	78,748	456,856
	(3,812)	9,045	22	5,255

7. DIVIDEND AND PROFIT RECEIVABLE

Note	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees in '000							
Dividend receivable	384	-	-	384	14	-	-	14
Profit receivable on bank deposits	19	237	326	582	45	115	255	415
Profit accrued on Term finance certificates and sukuk bonds	-	717	-	717	-	577	-	577
Profit accrued on government securities	-	1,036	-	1,036	-	2,738	-	2,738
	403	1,990	326	2,719	59	3,430	255	3,744

8. DEPOSITS AND OTHER RECEIVABLES

Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
Security deposit with National Clearing Company of Pakistan Limited	2,500	-	-	2,500	-	-	-	-
Other receivables	31	105	79	215	31	107	80	218
	2,631	205	179	3,015	131	207	180	518

9. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - PENSION FUND MANAGER

Remuneration of Pension Fund Manager	9.1	263	234	305	802	238	249	160	647
Sindh Sales Tax on remuneration to Pension Fund Manager	9.2	34	30	40	104	31	32	21	84
Sales load payable		7	19	20	46	12	58	53	123
		304	283	365	952	281	339	234	854

9.1 As per Rule 11 of the Voluntary Pension System Rules, 2005, the Pension Fund Manager of the Fund is allowed to charge an annual management fee of 1.5% of the average of the values of the net assets of each of the Sub-Fund calculated during the year. Accordingly, the management fee has been accrued at 1.5% per annum of the average daily net assets of the Sub-Funds.

9.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of the Management Company through Sindh Sales Tax Act, 2011.

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

Note	2021				2020				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees in '000)								
Remuneration of the Trustee	10.1	28	24	31	83	25	26	17	68
Sindh Sales Tax on Trustee remuneration	10.2	4	3	4	11	3	3	2	8
		32	27	35	94	28	29	19	76

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2021 is as follows:

Net assets

Tariff per annum

Up to Rs. 1,000 million

Rs. 0.3 million or 0.15% p.a. of NAV, whichever is higher

Exceeding Rs. 1,000 million up to Rs. 3,000 million

Rs. 1.5 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million

Exceeding Rs. 3,000 million up to Rs. 6,000 million

Rs. 3.5 million plus 0.08% p.a. of NAV exceeding Rs. 3,000 million

Exceeding Rs. 6,000 million

Rs. 5.9 million plus 0.06% p.a. of NAV exceeding Rs. 6,000 million

10.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the Rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one thirtieth of 1% of average annual net asset value of each of the sub fund

12. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2021				2020				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	----- Rupees in '000 -----								
Auditors' remuneration	92	82	73	247	91	78	56	225	
Payable against purchase of shares	6,007	-	-	6,007	1,526	-	-	1,526	
Payable against redemption of units	71	476	892	1,439	-	-	-	-	
Federal Excise Duty payable on Managements company remuneration	12.1	763	878	836	2,477	763	878	836	2,477
Provision for Sindh Workers' Welfare Fund	12.2	3,040	1,501	923	5,464	1,803	1,321	733	3,857
Other payables	4	3	3	10	27	28	18	73	
	<u>9,977</u>	<u>2,940</u>	<u>2,727</u>	<u>15,644</u>	<u>4,210</u>	<u>2,305</u>	<u>1,643</u>	<u>8,158</u>	

12.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013

While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2021.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has made a provision on FED on remuneration of the Pension Fund Manager, aggregating to Rs. 0.763 million, 0.878 million and 0.836 million (2020: Rs. 0.763 million, 0.878 million and 0.836 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2020 would have been higher by Rs. 1.25, Rs. 0.86 and Rs. 1.07 (2020: Rs. 1.56 Rs. 0.99 and Rs. 0.60) per unit respectively

12.2 PROVISION FOR WORKERS' WELFARE FUND

The Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, and thus SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

However, subsequent to current year ended, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to Mutual Funds Association of Pakistan (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh WWF Act 2014 and are therefore subject to SWWF charge whereas as the Mutual Funds/Pension Funds managed by those AMCs do not qualify as "financial institutions" as per SWWF Act 2014.

In the wake of the aforesaid clarification of SRB, the MUFAP called its Extraordinary General Meeting (EOGM) on August 13, 2021, wherein the MUFAP recommended to its members that effective from August 13, 2021, SWWF recognised earlier should be reversed in light of the clarification issued by SRB.

In these financial statements the Fund has recognised provision for SWWF amounting to Rs. 1.643 million, Rs. 0.707 million and Rs. 0.483 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively, for the period from July 1, 2014 till June 30, 2021 which were reversed subsequently as on August 13, 2021. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 6.1957, Rs. 1.6693 and Rs. 0.6624 (2020: Rs. 2.6865, Rs. 0.8956 and Rs. 0.6204) per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

13. CONTRIBUTION TABLE

Contributions received during the year are as follows:

	2021							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
From:								
Individuals	447,945	178,258	1,343,433	281,762	2,183,674	401,535	3,975,052	861,555

	2020							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
From:								
Individuals	109,947	38,004	445,153	83,299	226,088	38,700	781,188	160,003

14. NUMBER OF UNITS IN ISSUE

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Number							
Opening units in issue	611,379	1,016,164	777,841	2,405,384	611,256	841,542	782,539	2,235,337
Units issued during the year	447,945	1,343,433	2,183,674	3,975,052	109,947	445,153	226,088	781,188
Units redeemed during the year	(556,333)	(1,479,625)	(1,584,751)	(3,620,709)	(150,249)	(225,082)	(209,898)	(585,229)
Reallocation during the year	(12,327)	8,584	16,631	12,888	40,425	(45,449)	(20,888)	(25,912)
Total units in issue at the end of the year	490,664	888,556	1,393,395	2,772,615	611,379	1,016,164	777,841	2,405,384

15. MARK-UP / RETURN ON INVESTMENTS

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Mark-up / return on:								
Government securities	-	5,855	9,561	15,416	-	8,197	9,897	18,094
- Market treasury bills	-	5,785	-	5,785	-	4,688	-	4,688
- Pakistan investment bonds	-	-	-	-	-	-	-	-
Term finance certificates and sukuk bonds	-	3,151	302	3,453	-	5,227	-	5,227
Commercial papers	-	236	391	627	-	-	230	230
	<u>-</u>	<u>15,027</u>	<u>10,254</u>	<u>25,281</u>	<u>-</u>	<u>18,112</u>	<u>10,127</u>	<u>28,239</u>

16. AUDITORS' REMUNERATION

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Statutory audit fee	90	85	79	254	89	79	53	221
Half yearly review fee	39	31	23	93	44	29	26	99
Out of pocket expenses	14	13	11	38	19	17	12	48
	<u>143</u>	<u>129</u>	<u>113</u>	<u>385</u>	<u>152</u>	<u>125</u>	<u>91</u>	<u>368</u>

17. TAXATION

No provision for taxation for the year ended June 30, 2021 has been made in view of the exemption available under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

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

18. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2021 and June 30, 2020.

19. TRANSACTIONS/BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include HBL Asset Management Limited (HBL-AML) being the Pension Fund Manager of the Fund, Habib Bank Limited (HBL) being the Sponsor (holding 100% shares of HBL Asset Management Limited), Central Depository Company of Pakistan Limited, being the Trustee of the Fund, other associated companies of HBL AML and its subsidiaries, other collective investment schemes managed by the Pension Fund Manager, directors and officers of the Pension Fund Manager, directors of connected persons and persons having 10% or more beneficial ownership 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 Voluntary Pension System Rules and the Trust Deed respectively.

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

19.1 Transactions during the year

	2021				2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees in '000 -----								
HBL Asset Management Limited - Pension Fund Manager								
Management remuneration including Sindh Sales Tax thereon	3,693	3,313	3,101	10,107	3,487	2,981	2,112	8,580
Habib Bank Limited - Sponsor								
Bank charges paid	23	10	13	46	22	20	18	60
Profit on bank deposits earned	379	862	846	2,087	1,084	949	907	2,940
Directors and their relatives								
Reallocation of units	(1,528)	1,869	1,145	1,486	2,680	(3,500)	(854)	(1,674)
Amount of units reallocated	(604)	393	211	-	754	(616)	(138)	-
Issuance of units	2,375	-	-	-	-	-	-	-
Amount of units issued	1,000	-	-	-	-	-	-	-
Executives and their relatives								
Issuance of units	-	-	-	-	5,596	8,576	-	14,172
Amount of units issued	-	-	-	-	1,728	1,516	-	3,244
Units redeemed	-	-	-	-	(3,792)	(7,642)	(854)	(12,288)
Amount of units redeemed	-	-	-	-	(1,126)	(1,380)	(138)	(2,644)
Reallocation of units	14	(26)	-	(12)	-	-	-	-
Amount of units reallocated	6	(6)	-	-	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee								
Trustee's Remuneration including Sindh Sales Tax thereon	370	331	310	1,011	350	299	212	861
Central Depository System charges	36	7	7	50	27	19	7	53
Directors of connected persons								
Units issued	-	15,555	17,721	33,276	95	21,351	23,614	45,060
Amount of units issued	-	3,244	3,244	6,488	27	3,932	3,936	7,895
Units redeemed	-	-	-	-	-	(172)	-	(172)
Amount of units redeemed	-	-	-	-	-	(30)	-	(30)
Units reallocated	(45)	85	-	40	-	-	-	-
Amount of units reallocated	(18)	18	-	-	-	-	-	-

19.2 Balances outstanding as at year end

HBL Asset Management Limited - Pension Fund Manager								
Management remuneration payable	263	234	305	802	238	249	160	647
Sindh Sales Tax payable	34	30	40	104	31	32	21	84
Sales load payable	7	19	20	46	12	58	53	123
Federal Excise Duty payable	763	878	836	2,477	763	878	836	2,477
Habib Bank Limited - Sponsor								
Units held	203,077	-	-	203,077	203,077	-	-	203,077
Amount of units held	88,003	-	-	88,003	65,871	-	-	65,871
Profit receivable on bank deposits	-	-	-	-	42	8	44	94
Bank balances	3,880	37,666	53,992	95,538	7,759	1,525	29,090	38,374
Directors and Executives of the Pension Fund Manager and their relatives								
Directors and their relatives								
Units held	13,796	51,540	14,684	80,020	12,949	49,670	13,538	76,157
Amount of units held	5,978	11,111	2,745	19,834	4,200	10,228	2,404	16,832
Executives and their relatives								
Units held	1,954	2,421	-	4,375	15,823	65,522	-	94,884
Amount of units held	847	522	-	1,369	5,132	13,492	-	21,028
Directors of Connected Persons								
Units held	818	828	83,369	85,015	863	22,074	23,614	46,551
Amount of units held	354	178	15,584	16,116	279	4,545	4,194	9,018
Central Depository Company of Pakistan Limited - Trustee								
Trustee's remuneration payable	32	27	35	94	28	29	19	76
Security Deposit receivable	100	100	100	300	100	100	100	300

20. FINANCIAL INSTRUMENTS BY CATEGORY

	2021												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total
	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	
Rupees in '000													
Financial assets													
Bank balances	11,229	-	-	11,229	75,173	-	-	75,173	105,269	-	-	105,269	191,671
Investments	-	-	208,734	208,734	-	-	117,488	117,488	-	-	157,867	157,867	484,089
Dividend and profit receivable	403	-	-	403	1,990	-	-	1,990	326	-	-	326	2,719
Advances, deposits, prepayments and other receivables	2,631	-	-	2,631	205	-	-	205	179	-	-	179	3,015
	14,263	-	208,734	222,997	77,368	-	117,488	194,856	105,774	-	157,867	263,641	681,494
Financial liabilities													
Payable to the Pension Fund Manager	304	-	-	304	283	-	-	283	365	-	-	365	952
Payable to the Trustee	32	-	-	32	27	-	-	27	35	-	-	35	94
Accrued expenses and other liabilities	6,174	-	-	6,174	561	-	-	561	968	-	-	968	7,703
Net assets attributable to redeemable units	212,630	-	-	212,630	191,557	-	-	191,557	260,469	-	-	260,469	664,656
	219,140	-	-	219,140	192,428	-	-	192,428	261,837	-	-	261,837	673,405
2020													
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total
	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	
Rupees in '000													
Financial assets													
Bank balances	8,088	-	-	8,088	19,604	-	-	19,604	55,999	-	-	55,999	83,691
Investments	-	-	194,609	194,609	-	-	188,732	188,732	4,874	-	78,770	83,644	466,985
Dividend and profit receivable	59	-	-	59	3,430	-	-	3,430	255	-	-	255	3,744
Advances, deposits, prepayments and other receivables	131	-	-	131	207	-	-	207	180	-	-	180	518
	8,278	-	194,609	202,887	23,241	-	188,732	211,973	61,308	-	78,770	140,078	554,938
Financial liabilities													
Payable to the Pension Fund Manager	281	-	-	281	339	-	-	339	234	-	-	234	854
Payable to the Trustee	28	-	-	28	29	-	-	29	19	-	-	19	76
Accrued expenses and other liabilities	1,644	-	-	1,644	106	-	-	106	74	-	-	74	1,824
Net assets attributable to redeemable units	198,309	-	-	198,309	209,250	-	-	209,250	138,146	-	-	138,146	545,705
	200,262	-	-	200,262	209,724	-	-	209,724	138,473	-	-	138,473	548,459

21. FINANCIAL RISK MANAGEMENT

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

21.1 Market risk

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

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

21.1.2 Interest rate risk

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

a) Cash flow interest rate risk

The equity sub fund and money market sub fund holds balance in saving accounts and KIBPR based interest bearing term finance certificate that expose to cash flow interest rate risk as at June 30, 2021. The net income for the year would have increased / (decreased) by Rs. 0.11 & 1.05 million (2020: Rs. 0.08 & 0.56 million) Equity Sub-Fund and Money Market Sub-Fund respectively, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

The debt sub fund holds balance in saving accounts and KIBPR based interest bearing term finance certificate that expose to cash flow interest rate risk as at June 30, 2021. The net income for the year would have increased / (decreased) by Rs. 1.08 million (2020: Rs. 0.46 million) Debt Sub-Fund respectively, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

b) Fair value interest rate risk

As at June 30, 2021, the Debt Sub-Fund held Market Treasury Bill and Pakistan Investment Bond that exposed the Fund to fair value interest rate risk. In case of 100 basis points increase in market rate on June 30, 2021, with all other variables held constant, the net assets and net income of the Fund for the year would have been lower by Rs. 1.7 million and in case of 100 basis point decrease in market rate on June 30, 2021, with all other variables held constant, the net assets and net income for the year would have been higher by Rs. 1.63 million.

As at June 30, 2021, the Money Market Sub-Fund held Market Treasury Bill that exposed the Fund to fair value interest rate risk. In case of 100 basis points increase in market rate on June 30, 2021, with all other variables held constant, the net assets and net income of the Fund for the year would have been lower by Rs. 0.278 million and in case of 100 basis point decrease in market rate on June 30, 2021, with all other variables held constant, the net assets and net income for the year would have been higher by Rs. 0.279 million.

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

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 6 to these financial statements. The Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the PSX 100 index. The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

21.2 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc.

The Fund's credit risk is primarily attributable to its investment in debt securities and government securities, balances with banks and advances, deposits and other receivables. The credit risk of the Fund is limited as the investments are made and balances are maintained with counter parties that are financial institutions with reasonably high credit ratings. Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through the assignment of credit limits and by following strict credit evaluation criteria laid down by the Pension Fund Manager.

The maximum exposure to credit risk is as follows:

	Rating Agency	Rating	2021			Total
			Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
----- Rupees in '000 -----						
Bank balances including the accrued mark-up thereon by rating category						
Habib Bank Limited	VIS	A-1+	3,880	37,666	53,992	95,538
Zarai Taraqati Bank Limited	VIS	A-1+	-	5	4	9
Allied Bank Limited	PACRA	A1+	-	37,728	50,782	88,510
MCB Bank Limited	PACRA	A1+	-	-	11	11
Askari Bank Limited	PACRA	A1+	-	-	13	13
Soneri Bank Limited	PACRA	A1+	-	-	737	737
Dubai Islamic Bank	VIS	A-1+	-	-	16	16
JS Bank Limited	PACRA	A1+	7,365	-	14	7,379
Faysal Bank Limited	PACRA	A-1+	2	1	25	28
Sindh Bank Limited	VIS	A-1	-	-	1	1
FIRST MICRO FINANCE	VIS	A-1	-	10	-	10
			<u>11,247</u>	<u>75,410</u>	<u>105,595</u>	<u>192,252</u>
Government Securities						
Treasury bills			-	29,801	-	29,801
Pakistan investment bonds			-	46,758	-	46,758
			<u>-</u>	<u>76,559</u>	<u>-</u>	<u>76,559</u>
Term finance certificates and sukuk bonds by rating category						
AAA	PACRA		-	285	-	285
AA+	PACRA		-	11,771	-	11,771
AA	PACRA		-	16,846	-	16,846
A+	PACRA		-	4,095	-	4,095
			<u>-</u>	<u>32,997</u>	<u>-</u>	<u>32,997</u>
Investment in commercial paper						
A1+	PACRA		-	7,932	8,923	16,855
Dividend and profit receivable						
			<u>384</u>	<u>1,753</u>	<u>326</u>	<u>2,463</u>
Deposits and other receivables						
			<u>2,631</u>	<u>205</u>	<u>179</u>	<u>3,015</u>

	Rating Agency	2020			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)			
Bank balances including the accrued mark-up thereon by rating category					
Habib Bank Limited	VIS AAA	7,759	1,525	29,090	38,374
Zarai Taraqati Bank Limited	VIS AAA	-	5	4	9
Allied Bank Limited	PACRA AAA	-	18,073	26,433	44,506
MCB Bank Limited	PACRA AAA	-	-	11	11
Askari Bank Limited	PACRA AA+	-	-	11	11
Soneri Bank Limited	PACRA AA-	-	-	70	70
Dubai Islamic Bank	VIS AA	-	-	16	16
JS Bank Limited	PACRA AA-	79	-	340	419
Faysal Bank Limited	PACRA AA	250	1	23	274
Sindh Bank Limited	VIS A+	-	-	1	1
		<u>8,088</u>	<u>19,604</u>	<u>55,999</u>	<u>83,691</u>
Government Securities					
Treasury bills		-	75,931	-	75,931
Pakistan investment bonds		-	86,642	-	86,642
		<u>-</u>	<u>162,573</u>	<u>-</u>	<u>162,573</u>
Term finance certificates and sukuk bonds by rating category					
AAA	PACRA	-	858	-	858
AA+	PACRA	-	12,350	-	12,350
AA-	PACRA	-	5,880	-	5,880
AA	PACRA	-	7,071	-	7,071
		<u>-</u>	<u>26,159</u>	<u>-</u>	<u>26,159</u>
Investment in commercial paper					
A-1	PACRA	-	-	4,874	4,874
Dividend and profit receivable		<u>59</u>	<u>3,430</u>	<u>255</u>	<u>3,744</u>
Deposits and other receivables		<u>131</u>	<u>207</u>	<u>180</u>	<u>518</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets.

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund mainly deals in equity securities which are primarily subject to price risk. The Fund's portfolio of other financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The Fund's portfolio exposed to credit risk primarily consists of bank deposits.

Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

	2021					
	Equity Sub-Fund	%	Debt Sub-Fund	%	Money Market Sub-Fund	%
	(Rupees in '000)					
Commercial banks (including profit due)	11,266	81.25	75,647	64.84	105,921	99.91
Commercial papers	-	-	7,932	6.80	-	-
Commercial banks (Investment in sukuk certificate)	-	-	17,820	15.27	-	-
Multiutilities (investment in sukuk certificate)	-	-	1,496	1.28	-	-
Fertilizers (investment in sukuk certificate)	-	-	-	-	-	-
Miscellaneous (investment in sukuk certificate)	-	-	13,681	11.73	-	-
Central Depository Company of Pakistan - security deposit	100	0.72	100	0.09	100	0.09
National Clearing Company of Pakistan Limited - security deposit	2,500	18.03	-	-	-	-
	<u>13,866</u>	<u>100</u>	<u>116,676</u>	<u>100</u>	<u>106,021</u>	<u>100</u>

	2020					
	Equity Sub-Fund	%	Debt Sub-Fund	%	Money Market Sub-Fund	%
	(Rupees in '000)					
Commercial banks (including profit due)	8,133	98.79	19,719	42.89	56,254	91.88
Commercial papers	-	-	-	-	4,874	7.96
Commercial banks (Investment in sukuk certificate)	-	-	5,880	12.79	-	-
Multiutilities (investment in sukuk certificate)	-	-	3,288	7.15	-	-
Fertilizers (investment in sukuk certificate)	-	-	4,242	9.23	-	-
Miscellaneous (investment in sukuk certificate)	-	-	12,749	27.73	-	-
Central Depository Company of Pakistan - security deposit	100	1.21	100	0.22	100	0.16
National Clearing Company of Pakistan Limited - security deposit	-	-	-	-	-	-
	8,233	100	45,978	100	61,228	100

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

21..3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the participant's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP). The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realizable.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of the total net asset value at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

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

	Equity Sub-Fund			Debt Sub-Fund				Money Market Sub-Fund			Total		
	Contractual cash flows			Contractual cash flows				Contractual cash flows					
	Carrying amount	Total	Less than 1 month	Within 3 months	Carrying amount	Total	Less than 1 month	Within 3 months	Carrying amount	Total		Less than 1 month	Within 3 months
Rupees in '000													
June 30, 2021													
Financial Liabilities													
Payable to the Pension Fund Manager	304	304	304	-	283	283	283	-	365	365	365	-	952
Payable to the Trustee	32	32	32	-	27	27	27	-	35	35	35	-	94
Accrued expenses and other liabilities	6,174	6,174	6,174	-	561	561	561	-	968	968	968	-	7,703
Net assets attributable to redeemable units	212,630	212,630	212,630	-	191,557	191,557	191,557	-	260,469	260,469	260,469	-	664,656
	219,140	219,140	219,140	-	192,428	192,428	192,428	-	261,837	261,837	261,837	-	673,405
June 30, 2020													
Financial Liabilities													
Payable to the Pension Fund Manager	281	281	281	-	339	339	339	-	234	234	234	-	854
Payable to the Trustee	28	28	28	-	29	29	29	-	19	19	19	-	76
Accrued expenses and other liabilities	1,644	1,644	1,644	-	106	106	106	-	74	74	74	-	1,824
Net assets attributable to redeemable units	198,309	198,309	198,309	-	209,250	209,250	209,250	-	138,146	138,146	138,146	-	545,705
	200,262	200,262	200,262	-	209,724	209,724	209,724	-	138,473	138,473	138,473	-	548,459

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

Units of the Fund are redeemable on demand at the participants' option. However, unit holders typically retain them from medium to long term.

22. PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing participants' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to participants and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 23, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with long term objective, the possibility of a significant redemption pressure is limited, such liquidity is augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments, where necessary.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the Fund and rank pari passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (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.

2021							
Note	Carrying amount			Fair Value			Total
	At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	
----- Rupees in '000 -----							
Financial assets measured at fair value							
- Listed equity securities	208,734	-	208,734	208,734	-	-	208,734
	208,734	-	208,734				
Financial assets not measured at fair value							
23.1	-	11,229	11,229	-	-	-	-
- Bank balances	-	403	403	-	-	-	-
- Dividend receivable and accrued mark-up	-	2,631	2,631	-	-	-	-
- Deposits and other receivables	-	14,263	14,263	-	-	-	-
	-	14,263	14,263	-	-	-	-
Financial liabilities not measured at fair value							
23.1	-	304	304	-	-	-	-
- Payable to the Pension Fund Manager	-	32	32	-	-	-	-
- Payable to the Trustee	-	6,174	6,174	-	-	-	-
- Accrued expenses and other liabilities	-	6,510	6,510	-	-	-	-
	-	6,510	6,510	-	-	-	-

Note	Carrying Amount			2020			
	At fair value through profit or loss	Amortised cost	Total	Fair Value			Total
				Level 1	Level 2	Level 3	
Rupees in '000							
Financial assets measured at fair value							
- Listed equity securities	194,609	-	194,609	194,609	-	-	194,609
	194,609	-	194,609	194,609	-	-	194,609
Financial assets not measured at fair value							
- Bank balances	-	8,088	8,088	-	-	-	-
- Dividend receivable and accrued mark-up	-	59	59	-	-	-	-
- Deposits and other receivables	-	131	131	-	-	-	-
	-	8,278	8,278	-	-	-	-
Financial liabilities not measured at fair value							
- Payable to the Pension Fund Manager	-	281	281	-	-	-	-
- Payable to the Trustee	-	28	28	-	-	-	-
- Accrued expenses and other liabilities	-	1,644	1,644	-	-	-	-
	-	1,980	1,980	-	-	-	-

Note	Carrying Amount			2021			
	At fair value through profit or loss	Amortised cost	Total	Fair Value			Total
				Level 1	Level 2	Level 3	
Rupees in '000							
Financial assets measured at fair value							
Investments- Government securities	76,559	-	76,559	-	76,559	-	76,559
Investments- Term finance certificates and sukuk bonds - Unlisted	32,997	-	32,997	-	32,997	-	32,997
Investments-Commercial Papers	7,932	-	7,932	-	-	7,932	7,932
	40,929	-	40,929	-	32,997	7,932	40,929
Financial assets not measured at fair value							
- Bank balances	-	75,173	75,173	-	-	-	-
- Dividend receivable and accrued mark-up	-	1,990	1,990	-	-	-	-
- Deposits and other receivables	-	205	205	-	-	-	-
	-	77,368	77,368	-	-	-	-
Financial liabilities not measured at fair value							
- Payable to the Pension Fund Manager	-	283	283	-	-	-	-
- Payable to the Trustee	-	27	27	-	-	-	-
- Accrued expenses and other liabilities	-	561	561	-	-	-	-
	-	871	871	-	-	-	-

Note	Carrying Amount			2020			
	At fair value through profit or loss	Amortised cost	Total	Fair Value			Total
				Level 1	Level 2	Level 3	
Rupees in '000							
Financial assets measured at fair value							
Investments- Government securities	162,573	-	162,573	-	162,573	-	162,573
Investments- Term finance certificates and sukuk bonds - Unlisted	26,159	-	26,159	-	26,159	-	26,159
	26,159	-	26,159	-	26,159	-	26,159
Financial assets not measured at fair value							
- Bank balances	-	19,604	19,604	-	-	-	19,604
- Dividend receivable and accrued mark-up	-	3,430	3,430	-	-	-	3,430
- Deposits and other receivables	-	207	207	-	-	-	207
	-	23,241	23,241	-	-	-	23,241
Financial liabilities not measured at fair value							
- Payable to the Pension Fund Manager	-	339	339	-	-	-	339
- Payable to the Trustee	-	29	29	-	-	-	29
- Accrued expenses and other liabilities	-	106	106	-	-	-	106
	-	474	474	-	-	-	474

Note	Carrying Amount			2021			
	At fair value through profit or loss	Amortised cost	Total	Fair Value			Total
				Level 1	Level 2	Level 3	
Rupees in '000							
Financial assets measured at fair value							
Investments- Government securities	148,944	-	148,944	-	148,944	-	148,944
Investments- Commercial papers	8,923	-	8,923	-	-	8,923	8,923
	157,867	-	157,867	-	148,944	8,923	157,867
Financial assets not measured at fair value							
- Bank balances	-	105,269	105,269	-	-	-	-
- Dividend receivable and accrued mark-up	-	326	326	-	-	-	-
- Deposits and other receivables	-	179	179	-	-	-	-
	-	105,774	105,774	-	-	-	-
Financial liabilities not measured at fair value							
- Payable to the Pension Fund Manager	-	365	365	-	-	-	-
- Payable to the Trustee	-	35	35	-	-	-	-
- Accrued expenses and other liabilities	-	968	968	-	-	-	-
	-	1,368	1,368	-	-	-	-

23.1 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.

23.2 There were no transfers between above levels during the year

23.3 The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

24. FINANCIAL PERFORMANCE

24.1 Equity sub-fund

	Equity Sub-Fund					
	2021	2020	Change	2019	2018	2017
	Rupees in '000		--- % ---	Rupees in '000		
Net income for the year before taxation	61,820	7,999	672.85	(35,655)	(9,744)	37,864
Net gain / (loss) on sale of investments	37,698	4,767	690.81	(15,488)	(2,189)	34,438
Net unrealised gain / (loss) on revaluation of investments classified as financial assets at fair value through profit or loss	21,284	(3,813)	(658.20)	(27,404)	(29,147)	2,640
Dividend income / Mark-up income on bank deposits	9,712	11,980	(18.93)	12,844	12,605	7,892
Net assets value per unit	433.3512	324.3643	33.60	315.2585	366.3184	408.1194
Transactions in securities						
Purchases	287,266	252,367	13.83	252,367	221,773	384,050
Sales	332,123	261,135	27.18	261,135	178,889	348,770
Amount received / receivable on issuance of units	178,258	38,004	369.05	79,979	71,279	83,481

24.2 Debt sub-fund

	Debt Sub-Fund					
	2021	2020	Change	2019	2018	2017
	Rupees in '000		--- % ---	Rupees in '000		
Net income for the year before taxation	9,015	31,334	(71.23)	11,861	8,233	9,357
Net gain / (loss) on sale of investments	(4,859)	5,408	(189.85)	418	82	1,450
Net unrealised gain / (loss) on revaluation of investments classified as financial assets at fair value through profit or loss	965	9,045	(89.33)	(248)	(344)	(2,037)
Mark-up income on bank deposits / Mark-up on investments	16,939	21,014	(19.39)	14,824	12,044	11,460
Net assets value per unit	215.5798	205.9216	4.69	171.9703	159.5394	153.4136
Transactions in securities						
Purchases	1,003,505	2,107,769	(52.39)	2,107,769	1,416,184	1,220,562
Sales	806,038	1,984,594	(59.39)	1,984,594	1,344,113	849,189
Amount received / receivable on issuance of units	281,762	83,229	238.54	44,698	72,342	54,384

24.3 Money market sub-fund

	Money Market Sub-Fund					
	2021	2020	Change	2019	2018	2017
	Rupees in '000		--- % ---	Rupees in '000		
Net income for the year before taxation	9,473	13,548	(30.08)	11,174	6,548	6,762
Net gain / (loss) on sale of investments	(42)	172	(124.42)	35	(9)	(15)
Net unrealised gain / (loss) on revaluation of investments classified as financial assets at fair value through profit or loss	49	22	100.00	-	7	(20)
Mark-up income on bank deposits / Mark-up on investments	13,249	16,110	(17.76)	13,929	9,785	9,748
Net assets value per unit	186.9322	177.6024	5.25	158.7278	147.2662	141.0836
Transactions in securities						
Purchases	1,286,083	2,426,778	(47.00)	2,426,778	1,040,483	556,830
Sales	749,310	2,161,638	(65.34)	2,161,638	911,274	320,944
Amount received / receivable on issuance of units	401,535	38,700	937.56	71,280	49,435	42,570

24.4 Highest and lowest issue price of units during the year

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	2021	2020	2021	2020	2021	2020
	(Rupees)					
Highest issue price	446.7589	410.8046	215.5798	206.3224	186.9322	177.6024
Lowest issue price	330.9067	260.8180	203.4970	172.0734	177.6444	158.8240

25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on August 26, 2021.

26. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director



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