

HBL

ASSET MANAGEMENT LTD.

ايسيت ميجمنٹ لميٹڈ

AMC Rating : AM2++ by JCR-VIS

QUARTERLY REPORT 2021

For the period ended September 30, 2021

MOVING TOWARDS
EXCELLENCE

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited

Board of Directors (Composition as of October 28, 2021)

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

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

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

Technology Committee

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

Company Secretary &
Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM2++ (Stable Outlook)

Legal 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.

REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE PERIOD ENDED SEPTEMBER 30, 2021

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Islamic Money Market Fund, HBL Islamic Income Fund, HBL Islamic Stock Fund, HBL Islamic Equity Fund, HBL Islamic Asset Allocation Fund, HBL Islamic Financial Planning Fund and HBL Islamic Dedicated Equity Fund (the Funds) for the period ended September 30, 2021.

ECONOMIC REVIEW

The Government has adopted a pro-growth budget for FY22, whereby it expects a GDP growth rate of 4.8% on the back of higher PSDP expenditure and incentives given to agriculture and industrial sectors. In its Monetary Policy meeting held on 20-Sep-21, the Monetary Policy Committee (MPC) noted that the pace of economic recovery has exceeded expectations, and focus should now be shifted from catalyzing economic recovery toward sustaining it. In order to ensure sustainability of growth, the MPC decided to increase the Policy Rate by 25bps to 7.25%.

The Current Account Deficit (CAD) for Aug-21 clocked in at USD 1.48bn, taking 2MFY22 CAD to USD 2.29bn, compared to a surplus of 838mn during the same period last year. This was primarily driven by a higher trade deficit as the growth in goods imported (up ~68%) outstripped the growth in goods exported (up ~35%). In order to curtail the rapid increase in CAD, the Government has taken several measures, such as increasing interest rate, imposing 100% cash margin requirement on import of additional 114 items, mandating banks to seek permission for import payments of USD 500,000 or more, and evaluating re-imposition of duties on non-essential imports.

CPI for Sep-21 clocked in at 8.98%, taking 1QFY22 average CPI to 8.56%, compared to 8.85% during the same period last year. The increase in CPI was largely driven by higher food and fuel prices, which have been on a rising trajectory owing to demand-side pressures as global economies begin to reopen, while supply-side constraints still persist.

Fiscal deficit for FY21 clocked in at 7.1%, while the Government has set a target of 6.3% for FY22. Fiscal deficit in Jul-21 clocked in at 0.4% of GDP compared to 0.5% of GDP during the same period last year. FBR's Tax Revenue for FY22 is projected to grow by 22% to PKR 5,829bn, while Non-Tax Revenue is projected to grow by 38% to PKR 2,080bn. FBR has exceeded its tax collection target for 1QFY22 as it has provisionally collected PKR 1,395bn against the target of PKR 1,211bn.

During Jul-21, LSM witnessed an increase of 2.3% against 8.1% in Jul-20. The growth in LSM was largely driven by Automobiles (44.6%), Wood Products (24.2%), and Chemicals (13.6%). The LSM growth slowed down temporarily due to closure of industrial activities during Eid holidays. However, the recent uptrend in sales of automobiles, petroleum products and cement dispatches is expected to boost LSM in the coming months.

STOCK MARKET REVIEW

During 1QFY22, the KMI-30 index declined by 4,305 pts or 5.6% to close at 76,621 pts. The market remained lackluster during the first two months however declined significantly in Sep-21. The primary reasons for the market being under pressure were 1) Rapid increase in CAD due to rising domestic demand and significant increase in international commodity prices, 2) weakening PKR against the USD – 8.30% depreciation in 1QFY22, 3) Commencement of Monetary Tightening with SBP's MPS increasing the benchmark policy rate by 25bps in the last MPS as they noted that the burden of adjusting the rising CAD had fallen primarily on the exchange rate and it was appropriate for other adjustment tools, including interest rates, to also play their due role, 4) Geo-political issues in the region with heightened uncertainty due to the situation in Afghanistan and a possible reset in US-Pakistan relations, 5) Uncertainty surrounding the IMF programme, and 6) Continued foreign selling after Pakistan's reclassification from Emerging to Frontier Market Index.

Average Volumes traded during the month declined by 44.30% QoQ to 49.6mn shares, while the value traded went down by 24.89% QoQ to 4.3bn. On the flows side, foreigners were the net sellers during 1QFY22 and sold shares worth USD 83.4mn.

We expect market direction in the near-term to be dictated by changes in international commodity prices, developments on the IMF front, and possible improvement in macro indicators following corrective measures taken by the authorities. We believe there is ample liquidity available with local investors which, coupled with expected foreign inflows post Pakistan's inclusion in the MSCI FM index, should lead to re-rating of the equity market.

Our longer-term equity outlook remains positive on account of increase in pace of COVID-19 vaccinations, easing geo-political concerns, and reversal of commodity cycle.

MONEY MARKET REVIEW

The Central bank continued with the stance of supporting economic recovery even post COVID and kept the policy rate static till September 19, 2021. However, during the recent Monetary Policy the committee noted that pace of the economic recovery has exceeded expectations. Robust recovery in domestic demand, coupled with higher international commodity prices and rising demand pressures lead to a strong uptick in imports and a rise in the current account deficit. Rising demand pressures together with higher imported inflation could result in higher CPI readings later in the fiscal year which led the State Bank of Pakistan to proactively increase the interest rate by 0.25%. Continued progress in vaccination, the economic recovery now appears less vulnerable.

Yields across all the tenors changed between +22bps to +92 bps during 3MFY22 expectations that we may witness further hike in interest rate during FY22. Secondary market yields of 3, 5 and 10-year PIBs increased by 73, 46 and 51 bps respectively while yields of 3, 6 and 12 month T-Bills increased in tandem by 31, 46 and 92 bps respectively during the period. The cut-off yields in the last T-Bill Auction were 7.64% and 7.98% for 3M and 6M tenor whereas the 12M tenor was rejected. The cut offs in the last PIB Auction pre-MPS were 8.88%, 9.18% and 9.83% for the 3Y, 5Y, and 10Y tenor.

On September 27, 2021 government announced the issuance for the new GoP Ijarah Sukuk for which the auction was scheduled on September 30, 2021. The tenor of the Sukuk was 5 years and the target for Fixed Rental Rate Sukuk (FRR) and the Variable Rental Rate Sukuk (VRR) were kept at PKR 75bn and PKR 25bn. Participation of PKR 193.1bn was received in the VRR, whereas, PKR 53.83bn was received in FRR. The total acceptance on the FRR was made at 9.70% against which PKR 12.73bn was accepted. The total acceptance in the VRR was made at -10bps over the weighted average 6M T-bills rate and cumulatively PKR 190.5bn was accepted.

FUTURE OUTLOOK

Moving ahead, we believe that GDP growth is likely to remain encouraging on account of sharp pick-up in economic activities. Recent measures to curtail the rapid increase in CAD should also ease pressure on the local currency. We expect CAD to clock in at USD 10.3bn (3.2% of GDP) in FY22, owing to increase in trade deficit due to strong rebound in domestic demand, higher international commodity prices, and resumption of international travel. Given nominal GDP growth of ~13%, and currency depreciation of ~6%, we believe that CAD of USD 10-11bn is manageable. Focus would remain on how the Government strikes a balance between achieving the desired economic growth rate, while keeping the external and fiscal accounts in check.

Pakistan equities are expected to perform well in FY22 due to cheap valuations and improvement in macroeconomic outlook following corrective measures taken by the authorities in a timely manner. The market is trading at an eye catching P/E multiple of 5.0x compared to regional average of 15.7x, and offers an attractive dividend yield of 7.7%, compared to regional average of 2.5%. Moreover, as a result of the recent decline, the spread between KSE-100 index earnings yield and 10Y PKRV has increased to 9.5%, compared to 5-year historical average spread of 4.9%, which implies an upside of ~30%. We believe Pakistan equities offer a good opportunity for long-term investors.

On the fixed income front, we believe that inflation will taper down to average 8.4% during FY22 due to high-base effect and expectation of easing in international commodity prices. However, upside risks to our estimate remain in the form of elevated international food and commodity prices for an extended time. On the Islamic front we expect government to issue Ijara Sukuk and Energy Sukuk in FY22 to bridge the fiscal gap. Going forward, strong uptick in imports and a potential rise in the current account deficit will need to be monitored closely.

FUND'S PERFORMANCE

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 123.48 million and Rs. 136.13 million respectively during the period ended-September 30, 2021. The Net Asset Value (NAV) of the Fund was Rs. 101.1744 per unit as on September 30, 2021(after incorporating dividends of Rs. 2.0497per unit);thereby giving an annualized return of 7.95%. During the same period the benchmark return (3 Month bank deposit rates) was 3.26%. The size of Fund was Rs. 7.97 billion as on September 30, 2021 as compared to Rs. 6.64 billionat the start of the year.

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

HBL Islamic Income Fund

The total income and net income of the Fund was Rs. 27.85 million and Rs. 38.25million respectively during the period ended September 30, 2021. The Net Asset Value (NAV) of the Fund increased from Rs. 101.7500 per unit as on June 30, 2021 to Rs. 105.1334 per unit as on September 30, 2021, thereby giving an annualized return of 13.19%. During the same period the benchmark return (6 Month bank deposit rates) was 3.13%. The size of Fund was Rs. 1.31 billion as on September 30, 2021 as compared to Rs. 1.02 billionat the start of the year.

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

HBL Islamic Stock Fund

The total and net loss of the Fund was Rs. 68.64 million and Rs. 67.59 million respectively during the period ended September 30, 2021. The Net Asset Value (NAV) of the Fund decrease from Rs. 123.9845 per unit as on June 30, 2021 to Rs. 111.8105per unit as on September 30, 2021giving anegative return of 9.82% during the period against the benchmark return (KMI 30 Index) of negative5.62%.The size of Fund was Rs. 647million as on September 30, 2021 as compared to Rs. 760 million at the start of the year.

HBL Islamic Equity Fund

The totaland net lossof the Fund was Rs. 68.94million and Rs. 70.40 million respectively during the period ended September 30, 2021. The Net Asset Value (NAV) of the Fund decreased from Rs. 105.0735per unit as on June 30, 2021to Rs. 91.8628 per unit as on September 30, 2021giving anegative return of 12.57% during the period against the benchmark return (KMI 30 Index) ofnegative 5.62%.The size of Fund was Rs. 326 million as on September 30, 2021 as compared to Rs. 625million at the start of the year.

HBL Islamic Asset Allocation Fund

The total and net loss of the Fund was Rs. 4.08million and Rs. 0.48million respectively during the period ended September 30, 2021. The Net Asset Value (NAV) of the Fund decreased from Rs. 112.9636 per unit as on June 30, 2021 to Rs. 112.8038 per unit as on September 30, 2021, thereby giving anegative return of0.14% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) ofnegative 0.94%.The size of Fund was Rs. 380 million as on September 30, 2021 as compared to Rs. 388million at the start of the year.

HBL Islamic Asset Allocation Fund – Pan-1

The total and net income of the Fund was Rs. 59.10million and Rs. 60.00million respectively during the period ended September 30, 2021. The Net Asset Value (NAV) of the Fund was Rs. 102.7906 per unit as on September 30, 2021, giving a return of 2.37% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of 0.52%.The size of Fund was Rs. 2.53 billion as on September 30, 2021.

HBL Islamic Financial Planning Fund

HBL Islamic Financial Planning Fund comprises of two sub funds (plans) namely Active allocation plan and Conservative allocation plan.

The Fund as a whole incurred a total and net loss of Rs. 4.83 million and Rs. 4.50 million respectively during the period under review. The fund size of the fund stood at Rs. 98 million as compared to Rs. 104 million at the start of the year. Performance review for plan is given below:

Active Allocation Plan

During the period under review, the Active allocation plan incurred a total and net loss of Rs. 4.90 million and Rs. 4.54 million respectively. The net assets of the Active allocation plan stood at Rs. 47million representing Net Asset Value (NAV) of Rs. 105.7334 per unit as at September 30, 2021 as compared to net assets of Rs. 54 million representing Net Asset Value (NAV) of Rs. 115.8209 per unit at the start of the year. The plan earned a negative return of 8.71% for the period under review against its benchmark return of negative4.17%.

Conservative Allocation Plan

During the period under review, the Conservative allocation plan earned total and net income of Rs. 0.06 million and Rs. 0.04 million respectively. The net assets of the Conservative allocation plan stood at Rs. 51million representing Net Asset Value (NAV) of Rs. 115.0506 per unit as at September 30, 2021 as compared to net assets of Rs. 51 million representing Net Asset Value (NAV) of Rs. 114.9507 per unit at the start of the year. The plan earned a return of 0.09% for the period under review against its benchmark return of negative0.49%.

HBL Islamic Dedicated Equity Fund

During the period under review, the Islamic Dedicated Equity Fund remained suspended for the tenure and its fund size stands nil as all units were redeemed from Fund of Funds managed by the Company.

MANAGEMENT COMPANY RATING

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

Acknowledgement

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

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

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer

روپے پر موجود تھے جو 30 ستمبر 2021 کے مطابق 115.0506 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات کی مالیت 51 بلین روپے تھی جو 114.9507 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے دوران 0.0% کا منافع اس کے 0.49% کے منفی بیچ مارک منافع کے برخلاف حاصل کیا۔

ایچ بی ایل اسلامک ڈیڈ کیلیٹیڈ ایکویٹی فنڈ

زیر جائزہ مدت کے دوران اسلامک ڈیڈ کیلیٹیڈ ایکویٹی فنڈ اس مدت کے لیے معطل رہا تھا اور اس کے فنڈ کا حجم صفر (nil) پر موجود رہا جیسا کہ تمام یونٹس کا منفی کی جانب سے زیر انتظام فنڈ کے فنڈ سے انفاک (ری ڈیم) کر لیا گیا تھا۔

انتظامی کمپنی کی ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (جے سی آر۔ وی آئی ایس) نے انتظامی کمپنی کے لیے بیجمنٹ کوالٹی ریٹنگ 'AM2+' (اے ایم ٹو پلس) سے 'AM2++' (اے ایم ٹو پلس پلس) پر اپ گریڈ کی ہے اور تفریق کردہ ریٹنگ پر آؤٹ لک 'مستحکم' ظاہر کیا ہے۔

اعتراف

بورڈ اس موقع پر اپنے معزز یونٹ۔ ہولڈرز کا ان کے مستقل تعاون اور سہ پرستی کے لیے شکریہ ادا کرنا چاہتا ہے۔ اس سلسلے میں ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور ڈیجیٹل کسٹوڈین کمپنی لمیٹڈ بطور سٹی، پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ تعاون اور رہنمائی پر ان کو خراج تحسین پیش کرتے ہیں۔ بورڈ اپنے اسٹاف کی انتھک کوششوں اور مخلصانہ جدوجہد پر ان کو بھی خراج تحسین پیش کرنا چاہتا ہے۔

منجانب بورڈ

ایچ بی ایل ایسیٹیڈ بیجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

ایچ بی ایل اسلاک ایکویٹی فنڈ

فنڈ کا مجموعی اور خالص خسارہ 30 ستمبر 2021 کو ختم ہونے والی مدت کے دوران بالترتیب 68.94 ملین روپے اور 70.40 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2021 کے مطابق 105.0735 روپے فی یونٹ تھی جو 30 ستمبر 2021 کے مطابق کم ہو کر 91.8628 روپے فی یونٹ ہو گئی، جس کے ذریعے اس مدت کے دوران %12.57 کا ایک منفی منافع دیا جا رہا ہے۔ اس کے برخلاف بیچ مارک (کے ایم آئی 30 انڈیکس) منافع %5.62 تھا۔ فنڈ کا حجم 30 ستمبر 2021 کے مطابق 326 ملین روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 625 ملین روپے رہا تھا۔

ایچ بی ایل اسلاک ایسیٹ ایکویٹیشن فنڈ

30 ستمبر 2021 کو ختم ہونے والی مدت کے دوران فنڈ کا مجموعی اور خالص خسارہ بالترتیب 4.08 ملین روپے اور 48.0 ملین روپے رہا۔ ایچ بی ایل۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2021 کے مطابق 112.9636 روپے فی یونٹ تھی جو 30 ستمبر 2021 کے مطابق کم ہو کر 112.8038 روپے فی یونٹ ہو گئی، جس کے ذریعے اس مدت کے دوران %14.0 کا ایک منفی منافع بیچ مارک منافع (KMI 30 انڈیکس) کا روزانہ اوسطاً حجم شدہ منافع اور اے ریٹڈ یا زائد درجے کے بینکوں کو چھ ماہ کے ڈپازٹ ریٹ) منفی %94.0 کے برخلاف دیا گیا۔ فنڈ کا حجم 30 ستمبر 2021 کے مطابق 380 ملین روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 388 ملین روپے رہا تھا۔

ایچ بی ایل اسلاک ایسیٹ ایکویٹیشن فنڈ۔ پلان۔ 1

30 ستمبر 2021 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی اور خالص آمدنی بالترتیب 59.10 ملین روپے اور 60.00 ملین روپے رہا۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 ستمبر 2021 کے مطابق 102.7906 روپے فی یونٹ تھی، جس کے ذریعے اس مدت کے دوران %37.2 کا ایک منافع بیچ مارک منافع (KMI 30 انڈیکس) کا روزانہ اوسطاً حجم شدہ منافع اور اے ریٹڈ یا زائد درجے کے بینکوں کو چھ ماہ کے ڈپازٹ ریٹ) %0.52 کے برخلاف دیا گیا۔ فنڈ کا حجم 30 ستمبر 2021 کے مطابق 2.53 ملین روپے تھا۔

ایچ بی ایل اسلاک فنانشل پلاننگ فنڈ

ایچ بی ایل اسلاک فنانشل پلاننگ فنڈ دو ذیلی فنڈز (پلانز) بنام ایکٹو ایکویٹیشن پلان اور کنزرویٹو ایکویٹیشن پلان پر مشتمل ہے۔ فنڈ نے مجموعی طور پر زیر جائزہ مدت کے دوران بالترتیب 83.4 ملین روپے اور 50.4 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کا حجم 98 ملین روپے پر موجود تھا جو اس کے مقابلے میں سال کے آغاز پر 104 ملین روپے رہا تھا۔

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

ایکٹو ایکویٹیشن پلان

زیر جائزہ مدت کے دوران ایکٹو ایکویٹیشن پلان نے بالترتیب 90.4 ملین روپے اور 54.4 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ ایکٹو ایکویٹیشن پلان کے خالص اثاثہ جات 47 ملین روپے پر موجود تھے جو 30 ستمبر 2021 کے مطابق 105.7334 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں جبکہ اس کے مقابلے میں سال کے آغاز پر خالص اثاثہ جات کی مالیت 54 ملین روپے تھی جو 115.8209 روپے فی یونٹ کے خالص اثاثہ جات کی ویلیو (NAV) کی نمائندگی کرتے ہیں۔ پلان نے زیر جائزہ مدت کے دوران %71.8 کا منفی منافع اس کے %4.17 کے منفی بیچ مارک منافع کے برخلاف حاصل کیا۔

کنزرویٹو ایکویٹیشن پلان

زیر جائزہ مدت کے دوران کنزرویٹو ایکویٹیشن پلان نے بالترتیب 06.0 ملین روپے اور 04.0 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ کنزرویٹو ایکویٹیشن پلان کے خالص اثاثہ جات 51 ملین

پاکستان ایکویٹیزز مالی سال 22 میں حکام بالا کی جانب سے بروقت کیے جانے والے درست اقدامات کے بدستوری و بیروایشنز اور میکرو اکنامک آؤٹ لک میں بہتری کے باعث متوقع طور پر بہترین کارکردگی ظاہر کریں گی۔ مارکیٹ 15.7x کے علاقائی اوسط کے مقابلے میں 0x.5 کے شاندار P/E ملٹی پل پر تجارت کر رہی ہے اور 2.5% کے علاقائی اوسط کے مقابلے میں 7.7% کے ایک پرکشش منافع منقسمہ پیداوار کی پیشکش کرتی ہے۔ مزید برآں حالیہ کمی کے نتیجے میں کے ایس ای۔ 100 کی آمدنی کی پیداوار اور 10Y PKRV کے درمیان اسپریڈ 9.5% تک بڑھ گیا جو اس کے مقابلے میں 4.9% کا پانچ سالہ تاریخی اوسط اسپریڈ رہا تھا جس سے 30% کی بہتری ظاہر ہوتی ہے۔ ہم یقین رکھتے ہیں کہ پاکستان ایکویٹیزز طویل مدتی سرمایہ کاروں کے بہترین مواقع کی پیشکش کریں گی۔

فلسفہ اکٹم کے محاذ پر مالی سال 22 کے دوران ہمیں یقین ہے کہ افراط زر اور 8.8% تک جائیگی جس کی وجہ بین الاقوامی ایشیائے صرف کے نرخوں میں بلند تر اثرات اور نرمی کی توقعات ہیں۔ تاہم اوپری جانب کے خطرات سے ہمارے تخمینہ جات بین الاقوامی فوڈ اور ایشیائے صرف کے نرخوں کے اتار چڑھاؤ کی صورت میں ایک توسیع شدہ مدت کے لیے برقرار رہیں گے۔ اسلامی محاذ پر ہمیں توقع ہے کہ حکومت مالی سال 22 میں اجارہ سکوک اور انرجی سکوک مالیاتی خلا کو پورا کرنے کے لیے جاری کرے گی۔ آگے بڑھتے ہوئے درآمدات میں اوپری رجحان اور کرنٹ اکاؤنٹ خسارے میں اضافے کو قریبی مانیٹر کرنے کی ضرورت ہوگی۔

فنڈ کی کارکردگی اور پے آؤٹس

ایچ بی ایل اسلامک منی مارکیٹ فنڈ

فنڈ کی مجموعی اور خالص آمدنی 30 ستمبر 2021 کو ختم ہونے والے سال کے دوران بالترتیب 123.48 ملین روپے اور 136.13 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 ستمبر 2021 کے مطابق 101.1744 روپے فی یونٹ تھی (2.0497 روپے فی یونٹ کا منافع منقسمہ تشکیل دینے کے بعد) جس کے ذریعے 7.95% کا ایک سالانہ منافع دیا جا رہا ہے۔ اس مدت کے دوران بیچ مارک (تین ماہ کا بینک ڈپازٹس ریٹس) منافع 3.26% تھا۔ فنڈ کا حجم 30 ستمبر 2021 کے مطابق 7.97 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 6.64 ملین روپے رہا تھا۔

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی نے فنڈ کے لیے (f) پر فنڈ اسٹیبلٹی ریٹنگ اپ گریڈ کی ہے۔

ایچ بی ایل اسلامک انکم فنڈ

فنڈ کی مجموعی اور خالص آمدنی 30 ستمبر 2021 کو ختم ہونے والے سال کے دوران بالترتیب 27.85 ملین روپے اور 38.25 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2021 کے مطابق 101.7500 روپے فی یونٹ تھی جو 30 ستمبر 2021 کے مطابق بڑھ کر 105.1334 روپے فی یونٹ ہو گئی جس کے ذریعے 13.19% کا ایک منافع دیا جا رہا ہے۔ اس مدت کے دوران بیچ مارک (چھ ماہ کا بینک ڈپازٹس ریٹس) منافع 3.13% تھا۔ فنڈ کا حجم 30 ستمبر 2021 کے مطابق 31.1 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 02.1 ملین روپے رہا تھا۔

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

ایچ بی ایل اسلامک اسٹاک فنڈ

فنڈ کا مجموعی اور خالص خسارہ 30 ستمبر 2021 کو ختم ہونے والی مدت کے دوران بالترتیب 68.64 ملین روپے اور 67.59 ملین روپے رہا۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2021 کے مطابق 123.9845 روپے فی یونٹ تھی جو 30 ستمبر 2021 کے مطابق کم ہو کر 111.8105 روپے فی یونٹ ہو گئی جس کے ذریعے اس مدت کے دوران 9.82% کا ایک منفی منافع دیا جا رہا ہے۔ اس کے برخلاف بیچ مارک (کے ایم آئی 30 انڈیکس) منافع 5.62% تھا۔ فنڈ کا حجم 30 ستمبر 2021 کے مطابق 647 ملین روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 760 ملین روپے رہا تھا۔

تاہم ستمبر 21 میں نمایاں حد تک کمی آئی۔ مارکیٹ کے دباؤ میں رہنے کیلئے بنیادی اسباب (1 بڑھتی ہوئی مقامی طلب اور بین الاقوامی ایشیائے صرف کے زخموں میں اضافے کے باعث سی اے ڈی میں تیزی سے اضافہ (2 یو ایس ڈالر کے مقابلے میں پاک روپے کی قدر میں نمایاں کمی - مالی سال 22 کی پہلی سہ ماہی میں 8.30% تک کمی (3 ایس بی پی کی ایم ایس پی کے ساتھ مائیکرو سٹی کے آغاز سمیت آخری ایم پی ایس میں 25bps کے ذریعے بیچ مارک پالیسی ریٹ میں اضافہ جیسا کہ انہوں نے نوٹ کیا کہ بڑھتے ہوئے سی اے ڈی کو ایڈجسٹ کرنے کا بوجھ بنیادی طور پر زرمبادلہ کی شرح پر پڑا اور یہ دیگر ایڈجسٹمنٹ ٹولز بشمول شرح سود کے لیے موزوں تھا تا کہ وہ اپنا مقررہ کردار بھی ادا کریں (4 افغانستان میں ہنگامی حالات اور امریکا - پاکستان تعلقات میں ممکنہ نئی صورتحال کے تناظر میں متاثر ہونے والی نخطے کی جغرافیائی صورتحال کے پیش نظر انتہائی بے یقینی (5 آئی ایم ایف پروگرام کے حوالے سے بے یقینی کی کیفیت اور (6 فرنیچر مارکیٹ انڈیکس کے لیے ایبرجنگ سے پاکستان کی ری کا سیکلیشن کے بعد مستقل طور پر غیر ملکی فروخت رہے تھے۔

اس مدت کے دوران تجارت کا اوسط حجم QoQ 39.50% کم ہو کر 141.4 ملین شیئرز ہو گیا جبکہ تجارت کی ویلیو QoQ 43.20% تک گر کر 4.7 ارب رہ گئی۔ فلوز کی جانب غیر ملکی مالی سال 22 کی پہلی سہ ماہی کے دوران بڑے فروخت کنندگان رہے اور انہوں نے 83.4 ملین یو ایس ڈالر کے شیئرز فروخت کیے۔

ہم توقع کرتے ہیں کہ مستقبل قریب میں مارکیٹ کی سمت بین الاقوامی ایشیائے صرف کے زخموں میں تبدیلیوں، آئی ایم ایف فرنٹ پر پیشرفت اور حکام بالاک کی جانب سے کیے جانے والے درست اقدامات کے پیش نظر نیکرو اشاریے میں ممکنہ بہتری کی بدولت درست راستے پر گامزن ہو جائے گی۔ ہمیں یقین ہے کہ مقامی انویسٹرز کے ساتھ دستیاب مناسب لیکویڈیٹی آئے گی اور اس کے ساتھ ایم ایس سی آئی ایف ایم انڈیکس میں پاکستان کی شمولیت کے بعد متوقع غیر ملکی ان فلوز کے سبب ایکویٹی مارکیٹ میں ری۔ریٹنگ کی صورت میں نتیجہ برآمد ہوگا۔

ہمارا طویل مدتی ایکویٹی آؤٹ لک کوویڈ۔19 کی ویکسی نیشنز کی رفتار میں اضافے، نخطے کے سیاسی معاملات میں بہتری آنے اور کموڈٹی سائیکل پھیلے جیسا ہونے کے سبب مثبت رہے گا۔

مئی مارکیٹ کا جائزہ

مرکزی بینک نے کوویڈ۔19 کی وبائی صورتحال کے بعد اقتصادی بحالی میں معاونت کے اقدام کے ساتھ پالیسی ریٹ کو 19 ستمبر 2021 تک برقرار رکھا۔ تاہم حالیہ مائیکرو پالیسی کے دوران کمیٹی نے نوٹ کیا کہ معاشی بحالی کی رفتار توقعات کے مطابق آگے بڑھ رہی ہے۔ مقامی طلب میں تیزی سے بحالی اور اس کے ساتھ بین الاقوامی ایشیائے صرف کے بلند زخموں اور طلب کے بڑھتے ہوئے دباؤ کا درآمدات میں اضافے کی صورت میں نکلا اور کرنٹ اکاؤنٹ خسارہ مزید بڑھ گیا۔ بڑھتی ہوئی طلب کے دباؤ کے ساتھ بلند تر درآمدی افراط زر کا نتیجہ باقی ماندہ مالی سال میں بلند تر سی آئی ریڈنگز کی شکل میں برآمد ہو سکتا ہے جس کے باعث اسٹیٹ بینک آف پاکستان نے شرح سود میں 0.25% کا پہلے ہی اضافہ کر دیا۔ ویکسی نیشن میں مستقل طور پر بہتری آنے سے معاشی بحال اب کم رکاوٹ کی حامل نظر آتی ہے۔

مالیاتی سال 22 کے تین ماہ کے دوران آمدنیاں تمام مدتوں کے دوران +22bps تا +92bps کے درمیان تبدیل ہوتی رہیں اور ہم مالیاتی سال 22 میں شرح سود میں مزید کچھ اضافہ ہوتا دیکھ رہے ہیں۔ تین، پانچ اور دس سالہ پی آئی بیز کے سیکنڈری مارکیٹ منافع جات اس مدت کے دوران بالترتیب 46.73 اور 51 پی پی ایس تک بڑھ گئے جبکہ اس مدت کے دوران تین ماہ - چھ ماہ اور بارہ ماہ کے ٹی بلز کے منافع جات بڑھ کر بالترتیب 46،31 اور 92 پی پی ایس پر موجود تھے۔ گزشتہ ٹری بلز نیلام میں کٹ آف منافع جات تین ماہ اور چھ ماہ کی مدت کے لیے 7.64 فیصد اور 9.7 فیصد تھے جبکہ بارہ ماہ کی مدت مسترد کردی گئی تھی۔ گزشتہ پی آئی بی نیلام پر پی۔ایم پی ایس میں کٹ آفس تین سال، پانچ سال اور دس سال کی مدتوں کے لیے بالترتیب 8.88%، 9.18% اور 9.83% تھے۔ 27 ستمبر 2021 کو حکومت نے نئے جی او پی اجارہ سکوک کے اجراء کا اعلان کیا تھا جس کے لیے نیلام، 30 ستمبر 2021 کو شیڈول کیا گیا تھا۔ سکوک کی مدت پانچ برس اور کسٹڈ ریٹیل ریٹ سکوک (FRR) اور ویری ایبل ریٹیل ریٹ سکوک (VRR) کے لیے ہدف 75 ارب روپے اور 25 ارب روپے رکھے گئے تھے۔ وی آر آر میں 193.1 ارب پاک روپے کی شراکت وصول ہوئی جبکہ ایف آر آر میں 53.83 ارب پاک روپے وصول ہوئے۔ ایف آر آر میں مجموعی قبولیت 9.70% رہی جس کے عوض 12.73 ارب روپے وصول ہوئے۔ وی آر آر میں مجموعی قبولیت اوسطاً 10.5 ارب روپے وصول ہوئے۔ شرح سے 10bps زائد رہی اور مجموعی طور پر 190.5 ارب روپے وصول ہوئے۔

مستقبل کا جائزہ

آگے بڑھتے ہوئے ہمیں یقین ہے کہ جی ڈی پی کی گروتھ معاشی سرگرمیوں میں تیزی کے رجحان کے سبب حوصلہ افزا رہے گی۔ سی اے ڈی میں تیزی سے اضافے کو روکنے کے حالیہ اقدامات مقامی کرنسی پر دباؤ کو بھی کم کریں گے۔ ہم توقع کرتے ہیں مالی سال 22 میں سی اے ڈی 10.3 ارب ڈالر (جی ڈی پی کا 3.2%) تک پہنچ جائے گا، جس کی وجہ مقامی طلب میں ایک بار پھر استحکام، بلند ترین بین الاقوامی ایشیائے صرف کے زخم اور بین الاقوامی سفری سہولت کی بحالی کے باعث تجارتی خسارے کا بڑھنا ہے۔ 13% کی دی گئی عمومی جی ڈی پی گروتھ اولہ 6% کی کرنسی کی قدر کی قدر کے ساتھ ہم یقین رکھتے ہیں 10-11 ارب ڈالر کا سی اے ڈی قابل انتظام ہے۔ توجہ اس امر پر مرکوز رہے گی کہ حکومت کس طرح پسندیدہ اقتصادی شرح نمو کے حصول کے درمیان کیسے توازن رکھے گی جبکہ بیرونی اور مالیات کا ردعمل بھی چیک کرنے ہوں گے۔

انتظامی کمپنی کے ڈائریکٹرز کی رپورٹ

ایچ بی ایل ایسٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز سمیت 30 ستمبر 2021 کو ختم ہونے والی مدت کے لیے اپنی رپورٹ بمع ایچ بی ایل اسلامک منی مارکیٹ فنڈ، ایچ بی ایل اسلامک انکم فنڈ، ایچ بی ایل اسلامک اسٹاک فنڈ، ایچ بی ایل اسلامک ایجوکیشن فنڈ، ایچ بی ایل اسلامک فنانسنگ فنڈ اور ایچ بی ایل اسلامک ڈیڈ ویلکیٹیڈ ایکویٹی فنڈ (دی فنڈز) کے مالیاتی حسابات پیش کر رہے ہیں۔

اقتصادی جائزہ

حکومت نے مالیاتی سال 22 کے لیے ایک پرو-گروتھ بجٹ رائج کیا ہے جس کے ذریعے یقین ہے کہ بلند تر پی ایس ڈی خراجات اور زرعی و صنعتی سیکٹرز کو دی جانے والی مراعاتوں کے پیش نظر 4.8% کی جی ڈی پی گروتھ حاصل ہوگی۔ اس کی مانیٹری پالیسی مینٹگ منعقدہ 20 ستمبر 21 میں مانیٹری پالیسی کمیٹی (ایم پی سی) نے نوٹ کیا تھا کہ معاشی بحالی کی رفتار تو قعات سے زائد رہی ہے اور اب توجہ معاشی بحالی سے گروتھ کو برقرار رکھنے کی جانب مبذول کرنے کی ضرورت ہے۔ گروتھ میں پائیداری برقرار رکھنے کو یقینی بنانے کے لیے ایم پی سی نے فیصلہ کیا کہ پالیسی ریٹ 25bps بڑھا کر 7.25% کر دیا جائے۔

اگست 21 کے لیے کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 1.48 یو ایس ڈالر تک پہنچ گیا، جو مالی سال 22 کے دو ماہ میں 2.29 ارب ڈالر تک چلا گیا، جبکہ یہ گزشتہ برس کی اسی مدت کے دوران 838 ملین سرپلس رہا تھا، یہ بنیادی طور پر بلند تر تجارتی خسارے کے باعث ہوا جیسا کہ درآمد شدہ ایشیا میں گروتھ (68% ~ up) رہی اور برآمدی ایشیا میں گروتھ کا حجم محض (35% ~ up) رہا۔ سی اے ڈی میں تیز رفتار اضافے میں کمی کی غرض سے حکومت نے متعدد اقدامات کیے جن میں شرح سود میں اضافہ، 114 اضافی آئٹمز کی درآمد پر 100% کیش مارجن کی شرائط کا اطلاق، 500,000 یو ایس ڈالر یا اس سے زائد کی درآمدی ادائیگیوں کے لیے بینکوں کو لازمی اجازت کی شرط اور غیر ضروری درآمد پر ڈیوٹیز کی ری ایڈجسٹمنٹ کا جائزہ لینا شامل ہے۔

ستمبر 21 کے لیے سی پی آئی 8.8% تک پہنچ گیا جس سے مالی سال 22 کی پہلی سہ ماہی میں اوسط سی پی آئی 8.8% رہا جو گزشتہ برس کی اسی مدت کے دوران 8.85% رہا تھا۔ سی پی آئی میں اضافہ وسیع طور پر ایشیائی خورد و نوش اور ایندھن کے نرخوں میں نمایاں اضافے کے سبب ہوا جو کہ طلب کی جانب دباؤ کے بڑھتے ہوئے رجحان کا نتیجہ رہا جیسا کہ عالمی معیشتیں بھی بحالی کی جانب گامزن رہیں جبکہ سپلائی کی جانب مستقل طور پر کمی کا سامنا رہا۔

مالی سال 21 کے لیے مالیاتی خسارہ 7.1% تک پہنچ گیا جبکہ حکومت نے مالی سال 22 کے لیے 6.3% کا ہدف طے کیا تھا۔ جولائی 21 میں مالیاتی خسارہ جی ڈی پی کا 0.4% تک پہنچ گیا جو گزشتہ برس کی اسی مدت کے دوران جی ڈی پی کا 0.5% رہا تھا۔ مالی سال 22 کے لیے ایف بی آر کا ٹیکس ریویو کمزور طور پر 22% تک بڑھ کر 5,829 ارب روپے تک پہنچ جائے گا جبکہ نان ٹیکس ریویو 38% تک اضافے کے ساتھ 1,080,2 ارب روپے کی توقع ہے۔ ایف بی آر نے مالی سال 22 کی پہلی سہ ماہی کے لیے ٹیکس وصولی کے اپنے ہدف سے زائد وصولی کی جیسا کہ 1,211 ارب روپے کے ہدف کے برخلاف عبوری طور پر 395,1 ارب روپے کی وصولیاں کی گئیں۔

جولائی 21 کے دوران ایل ایس ایم نے جولائی 20 میں 8.1% کے برخلاف 2.3% کا اضافہ ظاہر کیا۔ ایل ایس ایم میں گروتھ وسیع طور پر آٹوموبیل ((44.6% ہکنوزی کی مصنوعات ((24.2% اور کیمیکلز ((13.6% کی وجہ سے ممکن ہوئی۔ ایل ایس ایم گروتھ عارضی طور پر عید کی تعطیلات کے دوران صنعتی سرگرمیوں کی بندش کے سبب سست رفتار کا شکار ہوئی۔ تاہم آٹوموبیل، پیٹرولیم مصنوعات اور سیمنٹ کی فروخت میں تیز رفتاری کے رجحان کے سبب توقع ہے کہ آنے والے مہینوں کے دوران ایل ایس ایم میں مزید فروغ حاصل ہوگا۔

آگے بڑھتے ہوئے ہمیں یقین ہے کہ جی ڈی پی کی شرح نمو کمزور طور پر بحالی ظاہر کرے گی کیونکہ بیشتر کاروبار اب کھل چکے ہیں تاہم کوویڈ-19 کی چوتھی لہر بحالی کو کمزور کر سکتی ہے۔ توجہ کارمز کوویڈ-19 کے اعداد و شمار ہی رہیں گے اور حکومت کی جانب سے پالیسی اقدامات بھی اس و بائی صورت حال کو کنٹرول کرنے پر مرکوز رہیں گے۔

اسٹاک مارکیٹ کا جائزہ

مالی سال 22 کی پہلی سہ ماہی کے دوران کے ایس ای-100 انڈیکس نے 2,456 پوائنٹس یا 5.2% تک کی کمی ظاہر کی اور 44,900 پوائنٹس پر بند ہوا۔ مارکیٹ پہلے دو ماہ کے دوران بدستور کمزور رہی

HBL

Islamic Money Market Fund

FUND INFORMATION

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

HBL Islamic Money Market Fund
Condensed Interim Statement of Assets and Liabilities
As at September 30, 2021

	Note	September 30, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
Assets			
Bank balances	4	6,570,280	5,153,150
Investments	5	1,368,953	1,432,575
Accrued mark-up		38,067	82,971
Advances, deposits and prepayment		1,147	880
Total assets		7,978,448	6,669,576
Liabilities			
Payable to Management Company	6	1,396	1,769
Payable to Trustee	7	413	400
Payable to Securities and Exchange Commission of Pakistan	8	347	1,452
Accrued expenses and other liabilities	9	10,607	25,650
Total liabilities		12,763	29,271
Net assets		7,965,685	6,640,305
Unit holders' fund (as per statement attached)		7,965,685	6,640,305
Contingencies and commitments	10		
		(Number of units)	
Number of units in issue		78,732,212	65,619,532
		(Rupees)	
Net assets value per unit		101.1744	101.1940

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Income Statement and Statement of Comprehensive Income (Un-Audited)
For the three months ended September 30, 2021

	Note	Three months ended	
		September 30,	
		2021	2020
		----- (Rupees in '000) -----	
Income			
Mark-up on deposits with banks		57,940	88,370
Mark-up on investments		65,456	26,915
Net realised gain on sale of investment		83	-
		123,479	115,285
Expenses			
Remuneration of Management Company		3,927	5,753
Remuneration of Trustee		1,276	1,246
Annual fee to the Securities and Exchange Commission of Pakistan		347	339
Allocation of expenses related to registrar services, accounting, operation and valuation services		-	849
Selling and Marketing expenses		-	849
Auditors' remuneration		94	89
Fee and Subscription		169	196
Settlement and bank charges		543	175
		6,356	9,496
Net income from operating activities		117,123	105,789
Reversal / (Provision) for Sindh Workers' Welfare Fund	9.2	19,002	(2,116)
Net income for the period before taxation		136,125	103,674
Taxation	12.	-	-
Net income for the period after taxation		136,125	103,674
Allocation of net income for the period:	15.		
Income already paid on redemption of units		-	11,424
Accounting income available for distribution:			
-Relating to capital gains		83	-
-Excluding capital gains		136,042	92,250
		136,125	92,250
Net income / (loss) for the period after taxation		136,125	103,674
Other comprehensive income		-	-
Total comprehensive income for the period		136,125	103,674

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the three months ended September 30, 2021

	Three months ended	
	September 30,	
	2021	2020
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	136,125	103,674
(Increase) / decrease in assets		
Accrued profit	44,904	(4,666)
Prepaid expenses	(267)	(255)
	44,636	(4,921)
Increase / (decrease) in liabilities		
Payable to Management Company	(373)	(39)
Investments	63,622	(1,661,332)
Payable to Trustee	13	(61)
Payable to Securities and Exchange Commission of Pakistan	(1,105)	(277)
Accrued expenses and other liabilities	(15,043)	(1,436)
	47,114	(1,663,145)
Net cash generated from / (used in) operating activities	227,876	(1,564,392)
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	3,454,310	5,361,705
Payment against redemption of units	(2,127,642)	(6,193,445)
Cash dividend paid	(137,413)	(63,865)
Net cash generated from / (used in) financing activities	1,189,254	(895,605)
Net increase in cash and cash equivalents	1,417,130	(2,459,997)
Cash and cash equivalents at beginning of the period	5,153,150	7,397,036
Cash and cash equivalents at end of the period	6,570,280	4,937,038

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund

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

For the three months ended September 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi Pakistan.

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

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

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2++' positive outlook to the Management Company and the fund stability rating of AA+(f) to the fund.

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

2. STATEMENT OF COMPLIANCE

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS the requirements of NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2021.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2020. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2021.

4. BANK BALANCES	Note	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
(Rupees in '000)			
Savings accounts	4.1	<u>6,570,280</u>	<u>5,153,150</u>

4.1 This represents bank accounts held with defferent banks. Mark up rates on these accounts range between 3.5% - 7.73% p.a (June 30, 2021 : 3.52% - 7.5% p.a).

5 INVESTMENTS	Note	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
(Rupees in '000)			
Investment by category			
Financial assets at amortised cost			
Commercial Paper	5.1	768,953	832,575
Financial assets at fair value through profit or loss			
Sukuk Certificate	5.2	<u>600,000</u>	600,000
		<u>1,368,953</u>	<u>1,432,575</u>

5.1 Commercial papers - at amortised cost

	Maturity date	As at July 1, 2021	Placements made during the year	Income accrued	Matured / Sold during the year	As at Sep 30, 2021	Market value as a percentage of	
							Total investments of fund	Net Assets of fund
							----- (Rupees in '000) -----	
							----- (%) -----	
K - Electric Limited	October 19, 2021	195,181	-	-	35,796	159,384	0.12	0.02
K - Electric Limited	October 6, 2021	122,311	-	2,549	-	124,860	0.09	0.02
K - Electric Limited	August 10, 2021	466,167	-	-	466,167	-	-	-
K - Electric Limited	October 6, 2021	48,916	-	-	-	49,944	0.04	0.01
K - Electric Limited	January 27, 2022		434,765	-	-	434,765	0.32	0.05
		832,575	434,765	2,549	501,963	768,953	0.56	0.10

5.2 Sukuks certificate - At fair value through profit or loss

Note	As at July 1, 2021	Purchased during the year	Matured / Sold during the year	As at September 30, 2021	Amortised cost as at September 30, 2021	Market value as at Sept 30, 2021	Market value as a percentage of		
							Total investments of fund	Net Assets of fund	
							----- (Rupees in '000) -----		
							----- (%) -----		
HUB Power Company Limited	5.2.1	600,000	-	-	600,000	600,000	600,000	43.83	7.53
		600,000	-	-	600,000	600,000	600,000	43.83	7.53

5.2.1 Significant terms and conditions of Sukuk certificates outstanding as at September 30, 2021 are as follows:

Name of Security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Date of Issue	Maturity Date
HUB Power Company Limited	1,000,000	6 months KIBOR 8.75%	5-May-21	05-Nov-21
			(Un-Audited) September 30, 2021	(Audited) June 30, 2021
			(Rupees in '000)	

6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note		
Management fee	6.1	1,125	1,089
Sindh Sales Tax	6.2	146	142
Sales load payable		125	97
Selling and marketing payable		-	441
		1,396	1,769

6.1 As Per SECP S.R.O. 639 (1)/2019 dated June 20, 2019, there has been amendment in NBFC regulation no. 61, in which limits over management fee had been removed and directed that the asset management company shall disclose in the Offering document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. Further, the asset management company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document and such actual rate shall be disclosed in Fund manager report. The management fee expense charged by the asset management company at the rate of 0.20% of average annual Net Asset of the Fund.

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
7	PAYABLE TO THE TRUSTEE	Note	(Rupees in '000)
	Trustee fee	7.1	366
	Sindh Sales Tax		46
			<u>413</u>
			<u>400</u>

7.1 The trustee is entitled to a monthly remuneration for services rendered to the fund under the provision of the Trust Deed. Effective from July 1, 2020 the trustee fee is being charged at the rate of 0.065% of the daily average net assets of the Fund. The fee is payable monthly in arrears.

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
8	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	(Rupees in '000)
	Annual fee	8.1	1,452
			<u>347</u>

8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% of the daily average net assets of the scheme. The fee is payable annually in arrears.

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
9.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Rupees in '000)
	Auditors' remuneration		318
	Federal Excise Duty	9.1	2,185
	Withholding tax payable		2,569
	Provision for Sindh Workers' Welfare Fund	9.2	19,002
	Capital gain tax payable		10
	Dividend payable		307
	Other payables		1,259
			<u>1,556</u>
			<u>10,607</u>
			<u>25,650</u>

9.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2021, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 2.185 million (June 30, 2021 : 2.185 million). Had the provision not been made, the Net Asset Value per unit as at September 30, 2021 would have been higher by Rs. 0.0277 (June 30, 2021: Re. 0.0333) per unit.

9.2 PROVISION WORKERS' WELFARE FUND AND SINDH 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.

During the current year, 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

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. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 20.07 million for the period from July 1, 2014 till August 12, 2021.

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2021.

11. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.09% (0.01% representing Government Levies, and SECP Fee).

12. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

13. 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 earnings per unit is not practicable.

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

14.1	Transactions during the period	(Un - Audited) Three months ended September 30,	
		2021	2020
		(Rupees in '000)	
	HBL Asset Management Limited - Management Company		
	Management Fee	3,927	5,753
	Allocation of expenses related to registrar services, accounting, operation and valuation services	-	849
	Selling and Marketing expenses	-	849
	Investment of 20,470 units (2020: Nil units)	2,071	-
	Habib Bank Limited - Sponsor		
	Redemption of Nil units (2020: 984,684 units)	-	100,000
	Mark-up earned during the period	25,610	40,143
	Bank charges paid	131	58
	Directors, Executives and Key management personnel		
	Investment of 26,817 units (2020: 65,843 units)	2,713	6,674
	Redemption of 21,450 units (2020: 58,130 units)	2,170	5,897
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration	1,276	1,246
	Artistic Milliners Pvt Limited - Connected Person Due To holding 10% or more units.		
	Investment of 335,384 units	33,932	-
	Redemption of 341,007 units	34,501	-
	ARCHROMA PAKISTAN LIMITED - EMPLOYEES GRATUITY FUND - Associate		
	Investment of 306,424 units	31,002	-

		(Un - Audited) Three months ended September 30,	
		2021	2020
		(Rupees in '000)	
LUCKY CEMENT LIMITED - Connected Person Due To holding 10% or more units.			
Investment held in the Fund: 19,789,378 units		2,002,178	-
Redemption of 9,903,736 units		1,002,005	-
CDC Trustee HBL Cash Fund			
Sale of Commercial paper - KEL ICP		-	199,489
Purchase of Commercial paper - KEL ICP		367,557	-
CDC Trustee HBL Money Market Fund			
Sale of Commercial paper - KEL ICP		69,557	204,476
Purchase of Commercial paper - KEL ICP		63,839	-
14.2	Amounts outstanding as at period end	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
		(Rupees in '000)	
HBL Asset Management Limited - Management Company			
Management fee		1,125	1,089
Sindh Sales Tax		146	142
Selling and Marketing payable		-	441
Sales load payable		125	97
Investment held in the Fund 1,225,695 units (June 30, 2021: 1,205,225 units)		124,009	121,961
Habib Bank Limited - Sponsor			
Bank Balances		6,566,498	5,146,720
Sales load payable		994	875
Directors, Executives and Key management personnel			
Units held in the Fund: 39,954 units (June 30, 2021: 34,615 units)		4,042	3,503
Central Depository Company of Pakistan Limited - Trustee			
Remuneration payable		413	400
ARCHROMA PAKISTAN LIMITED - EMPLOYEES GRATUITY FUND - Associate			
Investment held in the Fund: 527,674 units (30 June, 2021: Nil units)		53,387	-
Artistic Milliners Pvt Limited - Connected Person Due To holding 10% or more units.			
Investment held in the Fund: 19,864,618 units (June 30, 2021: 29,703,911 units)		2,009,791	2,010,749
Lucky Cement Limited - Connected Person Due To holding 10% or more units.			
Investment held in the Fund: 9,885,642 units (2021: Nil units)		1,000,174	-

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	September 30, 2021						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments							(Rupees in '000)
Financial assets not measured at fair value							
Bank balances	-	6,570,280	6,570,280	-	-	-	-
Commercial Paper	-	768,953	768,953	-	-	-	-
Sukuk Certificate	600,000	-	600,000	-	-	-	-
Accrued mark-up	-	38,067	38,067	-	-	-	-
Prepayment and Other receivables	-	1,147	1,147	-	-	-	-
	600,000	7,378,448	7,978,448	-	-	-	-
Financial liabilities not measured at fair value							
Payable to Management Company	-	1,262	1,262	-	-	-	-
Payable to Trustee	-	366	366	-	-	-	-
Accrued expenses and other liabilities	-	2,275	2,275	-	-	-	-
	-	3,903	3,903	-	-	-	-

	June 30, 2021						
	Carrying amount			Fair Value			
	Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----						
Financial assets not measured at fair value							
Bank balances	-	5,153,150	5,153,150	-	-	-	-
Sukuk Certificate	600,000	-	600,000				
Commercial Paper	-	832,575	832,575				
Accrued mark-up	-	82,971	82,971	-	-	-	-
Advance . Prepayment and other receivable	-	100	100	-	-	-	-
	<u>600,000</u>	<u>6,068,796</u>	<u>6,668,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Payable to HBL Asset Management Limited - Management Company	-	1,769	1,769	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	400	400	-	-	-	-
Accrued expenses and other liabilities	-	1,884	1,884	-	-	-	-
	<u>-</u>	<u>4,053</u>	<u>4,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 28, 2020.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2021 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Asset Allocation Fund

FUND INFORMATION

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

HBL Islamic Asset Allocation Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at September 30, 2021

	Note	September 30, 2021			June 30, 2021		
		Islamic Asset Allocation Fund	(Un-Audited) Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	(Audited) Islamic Asset Allocation Fund Plan 1	Total
Assets							
Bank balances	4	130,542	221,035	351,577	164,167	423,352	587,519
Investments	5	243,184	2,274,495	2,517,679	231,213	2,012,096	2,243,309
Dividend receivable and accrued mark-up		3,214	38,859	42,073	3,301	43,139	46,440
Preliminary expenses and flotation cost		-	161	161	-	172	172
Receivable Against Sale of Investment		2,641	-	2,641	-	-	-
Advances , deposits and other receivables		3,248	100	3,348	4,756	100	4,856
Total assets		382,829	2,534,650	2,917,479	403,437	2,478,859	2,882,296
Liabilities							
Payable to Management Company	6	1,434	604	2,038	1,433	582	2,015
Payable to Trustee	7	73	180	253	72	169	241
Payable to Securities and Exchange Commission of Pakistan	8	20	129	149	73	389	462
Accrued expenses and other liabilities	9	1,801	880	2,681	9,942	3,477	13,419
Payable against redemption of Units		-	-	-	3,946	-	3,946
Total liabilities		3,328	1,793	5,121	15,466	4,617	20,083
Net assets		379,501	2,532,857	2,912,358	387,971	2,474,242	2,862,213
Unit holders' fund (as per statement attached)		379,501	2,532,857	2,912,358	387,971	2,474,242	2,862,213
Contingencies and commitments	8						
(Number of units)							
Number of units in issue		3,364,260	24,640,941		3,434,480	24,640,941	
(Rupees)							
Net assets value per unit		112.8038	102.7906		112.9636	100.4119	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Income Statement And Other Comprehensive Income (Un-Audited)
For the three months ended September 30, 2021

Note	Three months ended September 30,						
	2021			2020			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
	(Rupees in '000)						
Income							
Dividend Income	468	-	468	411	-	411	
Return on Investment	3,633	45,865	49,498	1,679	18,331	20,010	
Mark-up on deposits with banks	2,168	5,387	7,555	2,101	5,524	7,625	
Capital gain on sale of investments - net	436	-	436	2,259	750	3,009	
	6,705	51,252	57,957	6,450	24,605	31,055	
Unrealised appreciation /(diminution) on re-measurement of investments at "fair value through profit or loss - held-for-trading" - net	(10,783)	7,848	(2,935)	11,240	(3,331)	7,909	
	(4,078)	59,100	55,022	17,690	21,274	38,964	
Expenses							
Remuneration of Management Company	1,689	1,092	2,781	1,356	520	1,876	
Remuneration of Trustee	225	546	771	181	350	531	
Annual fee of Securities and Exchange Commission of Pakistan	20	129	149	16	61	77	
Allocation of expenses related to registrar services, accounting, operation and valuation services	747	-	747	599	127	726	
Selling and Marketing Expense	648	-	648	520	-	520	
Settlement and Bank Charges	95	88	183	71	710	781	
Auditors' remuneration	12	81	93	42	58	100	
Fee and Subscriptions	25	69	94	23	27	50	
Printing Charges	17	14	31	-	-	-	
Amortisation of preliminary expenses and floatation costs	-	11	11	53	9	62	
Securities Transaction Costs	35	90	125	96	-	96	
Charity Expense	23	-	23	21	-	21	
	3,536	2,120	5,656	2,978	1,862	4,840	
	(7,614)	56,980	49,366	14,712	19,412	34,124	
Reversal / (Provision) for Workers' Welfare Fund	8.2	7,130	3,019	10,149	(294)	(388)	(682)
Net (Loss) / income for the period before taxation							
	(484)	59,999	59,515	14,418	19,024	33,442	
Taxation	10.	-	-	-	-	-	
Net (Loss) / income for the period after taxation							
	(484)	59,999	59,515	14,418	19,024	33,442	
Allocation of net income for the period:							
Income already paid on redemption of units	-	1,385	1,385	642	-	642	
Accounting income available for distribution:							
-Relating to capital gains	-	7,661	7,661	12,872	-	12,872	
-Excluding capital gains	-	50,953	50,953	904	19,024	19,928	
	-	58,614	58,614	13,776	19,024	32,800	
Net income / (loss) for the period after taxation							
	-	59,999	59,999	14,418	19,024	33,442	
Other comprehensive income for the period	-	-	-	-	-	-	
Total comprehensive income for the period							
	-	59,999	59,999	14,418	19,024	33,442	
Earning Per Unit	10						

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Statement of Movement in Unit Holders' Fund (Un-Audited)
For the three months ended September 30, 2021

	Three months ended September 30,							
	2021				2020			
	Islamic Asset Allocation Fund				Islamic Asset Allocation Fund			
Capital value	Undistributed income	Unrealized (losses)/income on investment	Total	Capital value	Undistributed income	Unrealized (losses)/income on investment	Total	
----- (Rupees in '000) -----								
Net assets at the beginning of the period	259,067	128,904	-	387,971	208,300	102,099	-	310,399
Issuance of units 240,060 (2020: 113,312 units)								
- Capital value (at net asset value per unit at the beginning of the period)	27,118	-	-	27,118	11,743	-	-	11,743
- Element of loss	184	-	-	184	(2,391)	-	-	(2,391)
	27,302			27,302	9,352	-	-	9,352
Redemption of 310,280 units (2020: 222,728 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(35,050)	-	-	(35,050)	(23,082)	-	-	(23,082)
- Income already paid on redemption of units	-	-	-	-	-	(642)	-	(642)
- Amount paid out of element of income Relating to net income for the period after taxation	(238)	-	-	(238)	2,490	-	-	2,490
	(35,288)	-	-	(35,288)	(20,592)	(642)	-	(21,234)
Total comprehensive income for the year								
Net profit / (Loss) for the period after tax	-	(484)	-	(484)	-	14,418	-	14,418
Distribution during the period	-	-	-	-	-	-	-	-
Total comprehensive/ income for the period	-	(484)	-	(484)	-	14,418	-	14,418
Net assets at the end of the period	251,081	128,420	-	379,501	197,060	115,875	-	312,935
Undistributed income brought forward								
- Realised		111,082				100,789		
- Unrealised		17,822				1,310		
		128,904				102,099		
Net (Loss) / income for the period before taxation		(484)				13,776		
Undistributed income carried forward		128,420				115,875		
Undistributed income carried forward								
- Realised		139,203				104,635		
- Unrealised		(10,783)				11,240		
		128,420				115,875		
----- (Rupees) -----								
Net assets value per unit at beginning of the period				112.9636				103.633
Net assets value per unit at end of the period				112.8038				108.4412

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Statement of Movement in Unit Holders' Fund (Un-Audited)
For the three months ended September 30, 2021

	Three months ended							
	2021				2020			
	Islamic Asset Allocation Fund Plan 1				Islamic Asset Allocation Fund Plan 1			
Capital value	Undistributed income	Unrealized (losses)/income on investment	Total	Capital value	Undistributed income	Unrealized (losses)/income on investment	Total	
----- (Rupees in '000) -----								
Net assets at the beginning of the period	2,470,677	3,565	-	2,474,242	-	-	-	-
Issuance of 990,216 units (2020:19,927,542 Units)								
- Capital value (at net asset value per unit at the beginning of the period)	99,429	-	-	99,429	1,992,754	-	-	1,992,754
- Element of loss	571	-	-	571	7,246	-	-	7,246
	100,000			100,000	2,000,000	-	-	2,000,000
Redemption of 990,216 units (2020: Nil Units)								
- Capital value (at net asset value per unit at the beginning of the period)	(99,429)	-	-	(99,429)	-	-	-	-
- Income already paid on redemption of units	-	(1,385)	-	(1,385)	-	-	-	-
- Amount paid out of element of income Relating to net income for the period after taxation	(570)	-	-	(570)	-	-	-	-
	(99,999)	(1,385)	-	(101,384)	-	-	-	-
Total comprehensive income for the year								
Net profit / (Loss) for the period after tax	-	59,999	-	59,999	-	19,024	-	19,024
Distribution during the period	-	-	-	-	-	-	-	-
Total comprehensive/ income for the period	-	59,999	-	59,999	-	19,024	-	19,024
Net assets at the end of the period	2,470,678	62,179	-	2,532,857	2,000,000	19,024	-	2,019,024
Undistributed income brought forward								
- Realised		(350)				-		
- Unrealised		3,915				-		
		3,565				-		
Accounting (loss) / income available for distribution		58,614				19,024		
Undistributed income carried forward		62,179				19,024		
Undistributed income carried forward								
- Realised		54,331				22,355		
- Unrealised		7,848				(3,331)		
		62,179				19,024		
----- (Rupees) -----								
Net assets value per unit at beginning of the period				100.4119				100.0000
Net assets value per unit at end of the period				102.7906				101.3183

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the three months ended September 30, 2021

	Three months ended					
	September 30,					
	2020		Total	2019		Total
Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund		Islamic Asset Allocation Fund Plan 1		
(Rupees in '000)						
CASH FLOW FROM OPERATING ACTIVITIES						
Net income / (Loss) for the period	(484)	59,999	59,515	14,418	19,024	33,442
Adjustments						
Amortisation of preliminary expenses and floatation costs	-	11	11	53	(206)	(153)
	(484)	60,010	59,526	14,471	18,818	33,289
(Increase) / decrease in assets						
Investments - net	(18,558)	(262,399)	(280,957)	11,729	(1,712,580)	(1,700,851)
Accrued mark-up	87	4,280	4,367	(509)	(36,703)	(37,212)
Advances, deposits and other receivables	1,508	-	1,508	5,322	(100)	5,222
	(16,963)	(258,119)	(275,082)	16,542	(1,749,383)	(1,732,841)
Increase / (decrease) in assets						
Payable to HBL Asset Management Limited - Management Company	1	22	23	(273)	438	165
Payable to Central Depository Company of Pakistan Limited - Trustee	1	11	12	(11)	350	339
Payable to Securities and Exchange Commission of Pakistan	(53)	(260)	(313)	(127)	61	(66)
Accrued expenses and other liabilities	(8,141)	(2,597)	(10,738)	(1,700)	1,406	(294)
	(8,192)	(2,824)	(11,016)	(2,111)	2,255	144
Net cash used in operating activities	(25,639)	(200,933)	(226,572)	28,902	(1,728,310)	(1,699,408)
CASH FLOW FROM FINANCING ACTIVITIES						
Amount received on issue of units	27,302	100,000	127,302	9,352	2,000,000	2,009,352
Payment against redemption of units	(35,288)	(101,384)	(136,672)	(21,234)	-	(21,234)
Cash dividend paid	-	-	-	-	-	-
Net cash used in financing activities	(7,986)	(1,384)	(9,370)	(11,882)	2,000,000	1,988,118
Net (decrease) in cash and cash equivalents	(33,625)	(202,317)	(235,942)	17,020	271,690	288,710
Cash and cash equivalents at beginning of the period	164,167	423,352	587,519	139,710	-	139,710
Cash and cash equivalents at end of the period	130,542	221,035	351,577	156,730	271,690	428,420

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

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

For the year ended September 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

HBL Asset Management Limited is the Management Company of the fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited. The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi Pakistan.

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

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

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

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2021.

2.2 Basis of measurement

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

5 INVESTMENTS

	Note	September 30, 2021		Total	June 30, 2021		Total
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	
(Rupees in '000)							
Fair Value Through Profit or Loss - Held For Trading							
- Listed equity Securities	5.1	93,498	-	93,498	112,288	-	112,288
- Term Finance Certificate	5.2	83,898	1,775,045	1,858,943	9,226	497,400	506,626
- GOP Ijara Sukuk	5.3	-	499,450	499,450	49,843	1,514,696	1,564,539
		177,396	2,274,495	2,451,891	171,357	2,012,096	2,183,453
Financial Asset at Amortised Cost							
- Term Finance Certificate and Sukuks	5.4	35,925	-	35,925	35,069	-	35,069
- Commercial Paper	5.5	29,863	-	29,863	24,787	-	24,787
		65,788	-	65,788	59,856	-	59,856
		243,184	2,274,495	2,517,679	231,213	2,012,096	2,243,309

5.1 Listed equity securities - At fair value through profit or loss - Held for trading

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

Name of the Investee Company	Number of shares					Market value as a percentage of			Par value as a percentage of issued capital of the investee company
	As at July 1, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2021	Market value as at September 30, 2021	Total Investments	Net Assets	
(Rupees in '000)									
Textile composite									
Interloop Limited	47,750	-	-	-	47,750	3,398	1.40%	0.90%	0.48%
Kohinoor Textile Mills Ltd	7,500	-	-	-	7,500	521	0.21%	0.14%	0.01%
Nishat Mills Ltd	22,200	-	-	-	22,200	2,017	0.83%	0.53%	0.01%
	77,450	-	-	-	77,450	5,936	2.44%	1.57%	
Cement									
Attock Cement Pakistan Ltd	26,000	4,500	-	-	30,500	4,296	1.77%	1.13%	0.00%
Cherat Cement Company Ltd	8,500	-	-	-	8,500	1,217	0.50%	0.32%	0.00%
D G Khan Cement Co.Ltd.	32,500	-	-	-	32,500	2,874	1.18%	0.76%	0.00%
Kohat Cement Ltd	4,970	-	-	-	4,970	855	0.35%	0.23%	0.00%
Lucky Cement Ltd	13,150	-	-	-	13,150	9,506	3.91%	2.50%	0.01%
Maple Leaf Cement Factory Ltd	67,000	-	-	-	67,000	2,359	0.97%	0.62%	0.00%
Pioneer Cement Ltd	22,000	-	-	7,500	14,500	1,281	0.53%	0.34%	0.01%
	174,120	4,500	-	7,500	171,120	22,388	9.21%	5.90%	
Power generation & distribution									
The Hub Power Company Limited	63,687	-	-	10,000	53,687	3,948	1.62%	1.04%	0.00%
	63,687	-	-	10,000	53,687	3,948	1.62%	1.04%	
Engineering									
Agha Steel Ind.Ltd	45,000	-	-	-	45,000	1,237	0.51%	0.33%	0.00%
Aisha Steel Mills Ltd	50,000	-	-	50,000	-	-	0.00%	0.00%	0.00%
International Industries Ltd	11,700	-	-	11,700	-	-	0.00%	0.00%	0.00%
International Steels Limited	6,500	-	-	6,500	-	-	0.00%	0.00%	0.00%
Mughal Iron & Steel Inds Ltd	24,360	2,500	-	-	26,860	2,622	1.08%	0.69%	0.00%
	137,560	2,500	-	68,200	71,860	3,859	1.59%	1.02%	
Automobile Assembler									
Honda Atlas Cars (Pakistan) Ltd	3,000	-	-	-	3,000	790	0.32%	0.21%	0.01%
Pak Suzuki Motor Company Limited	5,500	-	-	-	5,500	1,472	0.61%	0.39%	0.00%
	8,500	-	-	-	8,500	2,262	0.93%	0.60%	
Cable And Electrical Goods									
Pak Elektron Ltd	35,500	-	-	-	35,500	978	0.40%	0.26%	0.00%
Waves Singer Pakistan Limited	40,000	-	-	-	40,000	755	0.31%	0.20%	0.00%
	75,500	-	-	-	75,500	1,733	0.71%	0.46%	
Food And Allied Industries									
The Organic Meat Company Limited	196,329	4,000	-	50,500	149,829	5,383	2.21%	1.42%	0.00%
	196,329	4,000	-	50,500	149,829	5,383	2.21%	1.42%	
Miscellaneous									
Pakistan Aluminium Beverage Cans Limited	-	38,814	-	32,000	6,814	267	0.11%	0.07%	0.00%
	-	38,814	-	32,000	6,814	267	0.11%	0.07%	
Oil and gas exploration companies									
Mari Petroleum Company Ltd	4,095	-	-	-	4,095	6,361	2.62%	1.68%	0.00%
Oil & Gas Development Co Ltd	93,000	-	-	-	93,000	7,793	3.20%	2.05%	0.00%
Pakistan Oilfields Ltd	4,500	-	-	-	4,500	1,689	0.69%	0.45%	0.00%
Pakistan Petroleum Ltd	98,592	-	-	-	98,592	7,386	3.04%	1.95%	0.00%
	200,187	-	-	-	200,187	23,229	9.55%	6.13%	
Oil and gas Marketing companies									
Pakistan State Oil Company Ltd	29,559	-	-	-	29,559	5,941	2.44%	1.57%	0.01%
	29,559	-	-	-	29,559	5,941	2.44%	1.57%	

	Number of shares				As at September 30, 2021	Market value as at September 30, 2021	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Refinery									
Attock Refinery Ltd	4,500	-	-	-	4,500	805	0.33%	0.21%	0.00%
National Refinery Ltd	2,500	-	-	-	2,500	757	0.31%	0.20%	0.00%
	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>1,562</u>	<u>0.64%</u>	<u>0.41%</u>	
Fertilizers									
Engro Corporation Limited	11,000	-	-	11,000	-	-	0.00%	0.00%	0.00%
	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	
Commercial Banks									
BankIslami Pakistan Limited	100,000	-	-	-	100,000	1,260	0.52%	0.33%	0.00%
Meezan Bank Limited	41,422	-	5,688	3,500	43,610	6,102	2.51%	1.61%	0.00%
	<u>141,422</u>	<u>-</u>	<u>5,688</u>	<u>3,500</u>	<u>143,610</u>	<u>7,362</u>	<u>3.03%</u>	<u>1.94%</u>	
Chemicals									
Dynea Pakistan Limited	-	4,500	-	-	4,500	1,023	0.42%	0.27%	0.00%
	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>1,023</u>	<u>0.42%</u>	<u>0.27%</u>	
Pharmaceuticals									
The Searle Company Ltd	821	-	-	-	821	165	0.07%	0.04%	0.00%
	<u>821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>821</u>	<u>165</u>	<u>0.07%</u>	<u>0.04%</u>	
Automobile Parts & Accessories									
Panther Tyres Limited	16,031	-	-	16,031	-	-	0.00%	0.00%	0.01
	<u>16,031</u>	<u>-</u>	<u>-</u>	<u>16,031</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	
TRANSPORT									
Pakistan National Shipping Corp Ltd	5,000	-	-	5,000	-	-	0.00%	0.00%	0.01%
	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>0.00%</u>	
Technology and Communication									
Airlink Communication Limited	-	38,625	-	-	38,625	2,784	1.14%	0.73%	0.01%
Avanceon Limited	33,000	6,500	-	17,500	22,000	2,714	1.12%	0.72%	0.01%
	<u>33,000</u>	<u>45,125</u>	<u>-</u>	<u>17,500</u>	<u>60,625</u>	<u>5,498</u>	<u>2.26%</u>	<u>1.45%</u>	
Food And Personal Care Products									
Al Shaheer Corporation Ltd	-	28,000	-	-	28,000	398	0.16%	0.10%	0.01%
Unity Foods Limited	79,500	2,000	-	-	81,500	2,544	1.05%	0.67%	0.01%
	<u>79,500</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>109,500</u>	<u>2,942</u>	<u>1.21%</u>	<u>0.77%</u>	
	<u>1,256,666</u>	<u>129,439</u>	<u>5,688</u>	<u>221,231</u>	<u>1,170,562</u>	<u>93,498</u>	<u>38.44%</u>	<u>24.66%</u>	

Cost of investments at September 30, 2021

104,534

5.1.1 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee companies have withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.2665 million at September, 2021 (June 30, 2021: Rs. 0.3120 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end.

5.1.2 Investments include shares having market value aggregating to Rs. 27.4647 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.2 Term Finance Certificates - Held for trading

HBL Islamic Asset Allocation Fund

Name of the Investee Company

	Number of certificates			As at September 30, 2021	Market value as at June 30, 2020	Carrying value as a percentage of total Investment	Carrying value as a percentage of Net Asset
	As at July 1, 2021	Purchases during the year	Sale during the year				
	(Rupees in '000)						
International Brand Limited	100	-	-	100	2,879	1.18%	0.76%
Agha Steel Industries Limited	33	-	-	33	32,638	13.42%	8.60%
TPL Trakker Limited	13	-	-	13	13,381	5.50%	3.53%
OBS AGP (Pvt) Limited	-	35	-	35	35,000	14.39%	9.22%
	146	35	-	181	83,898	34.49%	22.11%

Cost of investments at September 30, 2020

83,645

HBL Islamic Asset Allocation Fund Plan 1

Name of the Investee Company

	Number of certificates			As at September 30, 2021	Market value as at September 30, 2021	Carrying value as a percentage of Total Investment	Carrying value as a percentage of Net Asset
	As at July 1, 2021	Purchases during the year	Sale during the year				
	(Rupees in '000)						
Meezan Bank limited	307	-	-	307	310,741	13.66%	12.27%
Dubai Islamic Bank limited	4,175	-	-	4,175	199,900	8.79%	7.89%
Hub Power Co. Ltd	1,750	1,000	-	2,750	282,298	12.41%	11.15%
K-Electric Ltd- Sukuk (KELSC5)	20,000	12,000	-	32,000	162,843	7.16%	6.43%
Pakistanb Energy Sukuk-2 Bound (PESC2)	143,500	-	-	143,500	728,263	32.02%	28.75%
OBS AGP (Pvt) Limited	-	91	-	91	91,000	4.00%	3.59%
	169,732	13,091	-	182,823	1,775,045	78.04%	70.08%

Cost of investments at September 30, 2021

1,769,246

5.2.1 Significant Terms And Conditions of Term Finance Certificate and Sukuk bonds outstanding as at September 30, 2021 are as follow:

Name Of Security	Remaining Principles (Per TFC)	Markup Rate (Per Annum)	Issue Date	Maturity Date
Term Finance Certificate - Listed				
International Brand Limited	29,054	03 month KIBOR + 0.50 %	15-Nov-17	15-Nov-21
Agha Steel Industries Limited	1,000,000	3 month KIBOR + 0.80 %	9-Oct-18	9-Oct-24
Meezan Bank limited	1,000,000	6 month KIBOR + 0.50 %	22-Sep-16	22-Sep-26
Meezan Bank limited	1,000,000	3 month KIBOR + 1.75 %	1-Aug-18	-
Dubai Islamic Bank limited	1,000,000	6 month KIBOR + 0.50 %	14-Jul-17	14-Jul-27
Dubai Islamic Bank limited	5,000	3 month KIBOR + 1.75 %	31-Dec-18	-
Hub Power Co. Ltd	1,000,000	12 month KIBOR + 1.90 %	19-Mar-20	19-Mar-24
K-Electric Ltd- Sukuk (KELSC5)	5,000	3 month KIBOR + 1.70 %	3-Aug-20	3-Aug-27
Pakistanb Energy Sukuk-2 Bound (PESC2)	5,000	6 month KIBOR - 0.10 %	21-May-20	21-May-30

5.3 Investment in Government Securities - GOP Ijara Sukuk - At Fair Value Through Profit or Loss

HBL Islamic Asset Allocation Fund Issuance Date	Tenor	Face Value				Amortised Cost as at September 30, 2021 ----- (Rupees in '000) -----	Market Value as at September 30, 2021	Market Value as a Percentage of	
		As at July 01, 2021	Purchase During the Period	Sold During the period	As at September 30, 2021			Total Investment	Net Asset
April 30, 2020.	05 year	9,500	-	9,500	-	-	0.00%	0.00%	

HBL Islamic Asset Allocation Fund Plan 1 Issuance Date	Tenor	Face Value				Amortised Cost as at September 30, 2021 ----- (Rupees in '000) -----	Market Value as at September 30, 2021	Market Value as a Percentage of	
		As at July 01, 2021	Purchase During the Period	Sold During the period	As at September 30, 2021			Total Investment	Net Asset
July 29, 2020	05 year	500,000	-	-	500,000	493,356	499,450	21.96%	19.72%
		500,000	-	-	500,000	493,356	499,450		

5.4 Term Finance Certificate and Sukuks Bond at Amortised Cost

Name Of Investment Company	Maturity Date	As at July 01, 2021	Placement Made during the period	Income Accrued	Mature /Sale During the Period	Market Value as at September 30,2021	Market Value as percentage of	
							Total Investment	Net Assets
Hub Power Holding Limited	November 10, 2022	35,069	-	856	-	35,925	14.77%	9.47%
		35,069	-	856	-	35,925		

5.5 Commercial Paper at Amortised Cost

Name Of Investment Company	Maturity Date	As at July 01, 2021	Placement Made during the period	Income Accrued	Mature /Sale During the Period	Market Value as at September 30,2021	Market Value as percentage of	
							Total Investment	Net Assets
K-Electric Limited	August 10, 2021	24,787	-	213	25,000	-	0.00%	0.00%
Mughal Iron & Steel Industries Limited	January 22, 2022	-	10,965	372	-	11,337	4.66%	2.99%
K-Electric Limited II	January 23, 2022	-	18,259	267	-	18,526	7.62%	4.88%
		24,787	29,224	852	25,000	29,863		

6. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

		September 30, 2021			June 30, 2021		
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total
Management fee	6.1	482	318	800	480	298	778
Sindh Sales Tax	6.2	63	41	104	62	39	101
Allocation of expenses related to registrar services, accounting, operation and valuation services		241	-	241	240	-	240
Selling and Marketing Expense		648	-	648	624	-	624
Sales load payable		-	-	-	27	-	27
Formation Cost		-	245	245	-	245	245
		1,434	604	2,038	1,433	582	2,015

6.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1.5 percent per annum (June 2019: 1.5 percent per annum) of the average annual net assets and 0.15 Percent per annum of the average annual net asset in Plan-1.

6.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

7. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	September 30, 2020			June 30, 2021			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	(Rupees in '000)			
				Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	
Annual Fee	8.1	16	16	32	73	389	462

7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		52	337	389	40	257	297
Charity payable		258		258	234	-	234
Withholding tax payable		21	346	367	1,067	98	1,165
Payable to NCCPL		37	27	64	30	25	55
Payable to Shariah Advisor		5	17	22	2	15	17
Provision for Sindh Workers Welfare Fund	9.2	-		-	7,130	3,019	10,149
Federal Excise Duty	9.1	1,063		1,063	1,063	-	1,063
Payable to Broker		45	98	143	47	30	77
Dividend Payable		25		25	54	-	54
Other payable		295	55	350	275	33	308
		1,801	880	2,681	9,942	3,477	13,419

8.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.06 million. Had the provision not been made, the Net Asset Value per unit as at September 30, 2021 would have been higher by Re. 0.3160 (June 30, 2021: Re. 0.3095) per unit.

8.2 WORKERS' WELFARE FUND AND SINDH 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.

During the current year, 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. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 7.1299 million in HBL IAAF and Rs 3.4833 in HBL IAAF Plan 1 for the period from July 1, 2014 till August 12, 2021.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2021.

10. TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

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 earnings per unit is not practicable.

12. TOTAL EXPENSE RATIO

The Scheme has maintained Total Expense Ratio (TER) 0.89% (0.83% representing Government Levies, and SECP Fee) in HBL IAAF and 0.08% (0.07 representing government levies and SECP Fee) in HBL IAAF Plan-1.

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

		Three months ended September 30,			
		2021		2020	
		(Rupees in '000)			
13.1	Transactions during the period	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
	HBL Asset Management Limited - Management Company				
	Management fee	1,689	1,092	1,356	520
	Allocation of expenses related to registrar services, accounting, operation and valuation services	747	-	599	127
	Charging of Selling and marketing expenses	648	-	520	-
	Habib Bank Limited - Sponsor				
	Redemption of 52,743 Units (2020: Nil Units)	5,947	-	-	-
	Bank charges paid	7	-	6	-
	Mark-up earned during the period	663	-	1,106	-
	Mark-up received during the period	1,443	-	969	-
	Central Depository Company of Pakistan Limited - Trustee				
	Remuneration	225	546	181	350
	CDC Charges	3	1	13	-
	Pak Qatar Family Takaful limited				
	Purchase of Dubai Islamic Bank Pakistan Sukuk	-	-	-	200,120
	Purchase of Meezan Bank Pakistan Sukuk	-	-	-	216,036
	Purchase of Hub Power Co. Ltd Sukuk	-	-	-	189,739
	Pak Qatar Investment Account - Connected Person due to holding more than 10% holding				
	Unit issued : Nil units (June 30, 2020: 10,963,751 units)	-	-	-	1,100,000
	Pak Qatar Individual Family Participant Investment Fund- Connected Person due to holding more than 10% holding				
	Unit issued : Nil units (June 30, 2020: 253,567 units)	-	-	-	900,000
	13.2				
	Amounts outstanding as at period end	September 30, 2021		June 30, 2021	
		(Rupees in '000)			
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
	HBL Asset Management Limited - Management Company				
	Management Fee	482	318	480	298
	Sindh Sales Tax	63	41	62	39
	Allocation of expenses related to registrar services, accounting, operation and valuation services	241	-	240	-
	Charging of Selling and marketing expenses	648	-	624	-
	Sales load payable	-	-	27	-
	Formation Cost	-	245	-	245
	Habib Bank Limited - Sponsor				
	Investment held in the Fund : 1,351,282 units (June 30, 2021: 1,404,025 units)	152,430	-	158,604	-
	Bank balances	129,200	-	160,237	-
	Mark-up receivable on deposits with bank	211	-	1,769	-

	September 30, 2021		June 30, 2021	
	(Rupees in '000)			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	199	483	64	149
Sindh Sales Tax	26	63	8	20
Security Deposit	100	100	100	100
HBL Asset Management Limited Employees Gratuity Fund				
Investment held in the Fund 4,909 units (2021: 4,909 units)	554	-	554	-
HBL Asset Management Limited Employees Provident Fund				
Investment held in the Fund 14,169 units (2021: 14,169 units)	1,598	-	1,601	-
Pak Qatar Investment Account - Connected Person due to holding more than 10% holding				
Unit held: 10,075,732 units (2021: 10,075,732 units)	-	1,035,691	-	1,011,723
Pak Qatar Individual Family Participant Investment Fund- Connected Person due to holding more than 10% holding				
Investment held in the fund 12,201,850 units (2021: 12,201,850 units)	-	1,254,236	-	1,225,211
System Limited				
Investment held in the Fund 470,298 units (2021: 470,298 units)	53,051	-	53,127	0

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

IFRS 13, 'Fair Value Measurements: Disclosures' 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

HBL Islamic Asset Allocation Fund	September 30, 2021							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----							
Financial assets measured at fair value								
Investments								
- Listed Equities Securities	93,498	-	-	93,498	93,498	-	-	93,498
- Term finance certificate - unlisted	83,898	-	-	83,898	-	83,898	-	83,898
- GOP Ijara Sukuk	-	-	-	-	-	-	-	-
	<u>177,396</u>	<u>-</u>	<u>-</u>	<u>177,396</u>				
Financial assets not measured at fair value								
Bank balances	-	130,542	-	130,542				
Term finance certificates and sukuk bonds	-	35,925	-	35,925				
Commercial Paper	-	29,863	-	29,863				
Accrued mark-up	-	3,214	-	3,214				
Advances, deposits and other receivables	-	3,248	-	3,248				
	<u>-</u>	<u>202,792</u>	<u>-</u>	<u>202,792</u>				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	3,416	3,416				
Payable to Trustee	-	-	188	188				
Accrued expenses and other liabilities	-	-	2,681	2,681				
	<u>-</u>	<u>-</u>	<u>6,285</u>	<u>6,285</u>				
HBL Islamic Asset Allocation Fund Plan 1	September 30, 2021							
	Carrying amount				Fair Value			
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments	----- (Rupees in '000) -----							
Financial assets measured at fair value								
Investments								
- Listed Equities Securities	-	-	-	-	-	-	-	-
- Term finance certificate - unlisted	1,775,045	-	-	1,775,045	-	1,775,045	-	1,775,045
- GOP Ijara Sukuk	499,450	-	-	499,450	-	499,450	-	499,450
	<u>2,274,495</u>	<u>-</u>	<u>-</u>	<u>2,274,495</u>				
Financial assets not measured at fair value								
Bank balances	-	221,035	-	221,035				
Accrued mark-up	-	38,859	-	38,859				
Advances, deposits and other receivables	-	100	-	100				
	<u>-</u>	<u>259,994</u>	<u>-</u>	<u>259,994</u>				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	604	604				
Payable to Trustee	-	-	180	180				
Accrued expenses and other liabilities	-	-	880	880				
	<u>-</u>	<u>-</u>	<u>1,664</u>	<u>1,664</u>				

HBL Islamic Asset Allocation Fund								
June 30, 2021								
	Carrying amount			Fair Value				
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed Equities Securities	112,288	-	-	112,288	112,288	-	-	112,288
- Term finance certificate - unlisted	49,843	-	-	49,843	-	49,843	-	49,843
- GOP Ijara Sukuk	9,226	-	-	9,226	-	9,226	-	9,226
	<u>171,357</u>	<u>-</u>	<u>-</u>	<u>171,357</u>				
Financial assets not measured at fair value								
Bank balances	-	164,167	-	164,167				
Term finance certificates and sukuk bonds	-	35,069	-	35,069				
Commercial Paper	-	24,787	-	24,787				
Dividend receivable and accrued mark-up	-	3,301	-	3,301				
Advances, deposits and other receivables	-	4,756	-	4,756				
	<u>-</u>	<u>232,080</u>	<u>-</u>	<u>232,080</u>				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	480	480				
Payable to Trustee	-	-	64	64				
Accrued expenses and other liabilities	-	-	682	682				
	<u>-</u>	<u>-</u>	<u>1,226</u>	<u>1,226</u>				

HBL Islamic Asset Allocation Fund Plan 1								
June 30, 2021								
	Carrying amount			Fair Value				
	Fair value through profit or loss	At amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Term finance certificate - unlisted	1,514,696	-	-	1,514,696	-	1,514,696	-	1,514,696
- GOP Ijara Sukuk	497,400	-	-	497,400	-	497,400	-	497,400
	<u>2,012,096</u>	<u>-</u>	<u>-</u>	<u>2,012,096</u>				
Financial assets not measured at fair value								
Bank balances	-	423,352	-	423,352				
Dividend receivable and accrued mark-up	-	43,139	-	43,139				
Preliminary expenses and flotation costs	-	172	-	172				
Advances, deposits and other receivables	-	100	-	100				
	<u>-</u>	<u>466,763</u>	<u>-</u>	<u>466,763</u>				
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	298	298				
Payable to Trustee	-	-	149	149				
Accrued expenses and other liabilities	-	-	360	360				
	<u>-</u>	<u>-</u>	<u>807</u>	<u>807</u>				

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

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 28, 2021.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2021 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Stock Fund

FUND INFORMATION

Name of Fund	HBL Islamic Stock Fund
Name of Auditor	A.F.Ferguson & Co., Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisors	AI - Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al Baraka Limited

HBL Islamic Stock Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at September 30, 2021

		(Un-Audited) September 20 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
Assets			
Bank balances	4	51,512	40,776
Investments	5	610,632	749,065
Dividend and profit receivable		3,078	212
Receivable against sale of investment		33,264	1,183
Advances, deposits, prepayments and other receivables		3,508	7,470
Total assets		701,994	798,706
Liabilities			
Payable to the Management Company	6	3,339	2,714
Payable to the Trustee		123	148
Payable to Securities and Exchange Commission of Pakistan		36	136
Payable against Purchase of Equity Securities		42,161	16,262
Accrued expenses and other liabilities	7	9,312	18,975
Total liabilities		54,972	38,235
Net assets		647,023	760,471
Unit holders' fund (as per statement attached)		647,023	760,471
		----- (Number of units) -----	
Number of units in issue		5,786,782	6,133,599
		----- (Rupees) -----	
Net assets value per unit		111.8105	123.9845

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Income Statement (Un-Audited)
For the three months ended September 30, 2021

	Note	For the Period Ended	
		2021	2020
		September 30,	
		----- (Rupees in '000) -----	
Income			
Dividend income		3,255	1,941
Profit on bank deposits		817	629
Capital (loss) / gain on sale of investments - net		1,984	26,627
		6,056	29,197
Net unrealised (diminution) / appreciation on re-measurement of investments classified at fair value through profit or loss - held-for-trading		(74,696)	44,371
Impairment loss on investments classified as available for sale	5.4	-	-
Total (Loss) / Income		(68,641)	73,568
Expenses			
Remuneration of the Management Company	6.1 & 6.2	4,074	3,020
Remuneration of the Trustee		407	302
Annual fee to Securities and Exchange Commission of Pakistan		36	27
Selling and marketing expenses	6.3	1,893	1,403
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.4	991	735
Securities transaction costs		575	1,227
Auditors' remuneration		91	93
Settlement and bank charges		134	197
Shariah advisory fee		51	34
Fees and subscription		40	7
Haram Income Expense		163	97
		8,454	7,141
Net (loss) / Income from operating activities		(77,095)	66,427
Reversal / (Provision) for Sindh Workers' Welfare Fund	7.2	9,507	(1,328.5)
Net (loss) / income for the period before taxation		(67,588)	65,098
Taxation	8	-	-
Net (loss) / income for the period after taxation		(67,588)	65,098
Income already paid on redemption of units		-	15,706
Accounting income available for distribution:			
- Relating to capital gains		-	49,392
- Excluding capital gains		-	-
		-	49,392
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(67,588)	65,098

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Condensed Interim Statement of Movement in Unit Holders' Fund

For the three months ended September 30, 2021

Note	Three months ended							
	September 30,							
	2021			2020				
Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	Capital value	Undistributed income / (Accumulated loss)	Unrealised income / (loss) on investment	Total	
	(Rupees in '000)							
Net assets at beginning of the period	997,150	(236,680)	-	760,470	867,824	(312,808)	-	555,016
Issue of units 10,701,012 (2020: 10,701,012 units)								
- Capital value (at net asset value per unit at the beginning of the period)	81,288	-	-	81,288	402,671	-	-	402,671
- Element of loss	(4,431)	-	-	(4,431)	54,520	-	-	54,520
Total proceeds on issuance of units	76,857	-	-	76,857	457,191	-	-	457,191
Redemption of 11,732,480 units (2020: 11,732,480 units)								
- Capital value (at net asset value per unit at the beginning of the period)	(124,288)	-	-	(124,288)	(479,716)	-	-	(479,716)
- Amount paid out of element of income relating to net income for the year after taxation	1,570	-	-	1,570	(47,998)	-	-	(47,998)
Total payments on redemption of units	(122,717)	-	-	(122,717)	(527,714)	-	-	(527,714)
Total comprehensive income for the period	-	(67,588)	-	(67,588)	-	65,098	-	65,098
Interim distribution of Rs. 0.32 per unit declared on June 28, 2020 as cash dividend								
Refund of capital	-	-	-	-	-	-	-	-
Distribution for the period	-	-	-	-	-	-	-	-
Net assets at end of the period	951,290	(304,268)	-	647,023	797,301	(247,710)	-	549,591
Undistributed income brought forward								
- Realised		(276,912)				(317,819)		
- Unrealised		40,232				5,011		
		(236,680)				(312,808)		
Accounting (loss) / Income available for distribution		(67,588)				65,098		
Distribution during the period		-				-		
(Accumulated loss) / undistributed income carried forward		(304,268)				(247,710)		
(Accumulated loss) / undistributed income carried forward								
- Realised		(229,572)				(292,081)		
- Unrealised		(74,696)				44,371		
		(304,268)				(247,710)		
					Rupees			Rupees
Net assets value per unit at beginning of the period				123.9845				93.6585
Net assets value per unit at end of the period				111.8105				107.6923

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Cash Flow Statement (Unaudited)
For the three months ended September 30, 2021

	Three Months ended	
	September 30,	
	2021	2020
Note	(Rupees in '000)	
Cash flows from operating activities		
Net (loss) / income for the period before taxation	(67,588)	65,098
Adjustments		
Capital loss / (gain) during the period	(1,984)	(26,627)
Dividend Income	(3,255)	(1,941)
Profit on bank deposits	(817)	(629)
Unrealised diminution on re-measurement of investments classified at fair value through profit or loss - held-for-trading	74,696	(44,371)
Impairment loss on investments classified as available for sale	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	-
	1,053	(8,469)
(Increase) / decrease in assets		
Investments - net	59,539	64,332
Dividend receivable and accrued mark-up	1,205	958
Receivable against sale of equity instruments	-	-
Advances, deposits, prepayments and other receivables	3,962	(21)
	64,705	65,269
Increase / (decrease) in liabilities		
Payable to the Management Company	625	271
Payable to the Trustee	(25)	9
Payable to Securities and Exchange Commission of Pakistan	(100)	(89)
Payable against redemption of units	-	-
Dividend Payable	-	(815)
Accrued expenses and other liabilities	(9,663)	2,301
	(9,162)	1,677
Net cash (used in) / generated from operating activities	56,596	58,477
Cash flows from financing activities		
Amount received on issue of units	76,857	457,191
Payment against redemption of units	(122,717)	(527,714)
Net cash generated from financing activities	(45,860)	(70,523)
Net increase in cash and cash equivalents	10,736	(12,046)
Cash and cash equivalents at beginning of the period	40,776	34,972
Cash and cash equivalents at end of the period	51,512	22,926

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The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the three months ended September 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and the directives issued by the SECP.

Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2021.

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

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2021.

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

3.5 The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2021.

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
4. BANK BALANCES			
Balances with banks in:			
savings accounts	4.1	51,432	40,776
current account		-	-
		<u>51,432</u>	<u>34,972</u>

4.1 The balance in savings accounts carry expected profit which ranges from 5.00% to 12.00% (June 30, 2019: 6% to 13.50%) per annum.

		(Un-Audited) September 30, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
5. INVESTMENTS			
- Listed equity securities	5.1	610,632	749,065
		<u>610,632</u>	<u>749,065</u>

5.1 Listed equity securities at fair Value through Profit or Loss - Held for trading

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

Name of the Investee Company	As at July 01, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2021	Market value as at September 30, 2021 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- Number of shares -----						----- % -----		
TEXTILE COMPOSITE									
Interloop Limited	244,250	-	-	-	244,250	17,383,273	2,846.77	2,686.65	2.81
Kohinoor Textile Mills Ltd	210,000	15,000	-	-	225,000	15,626,250	2,559.03	2,415.10	0.21
Nishat Mills Ltd	45,100	26,000	-	-	71,100	6,460,146	1,057.94	998.44	0.02
	499,350	41,000	-	-	540,350	39,469,669	6,464	6,100	
CEMENT									
Attock Cement Pakistan Ltd	164,300	42,300	-	-	206,600	29,101,676	4,765.83	4,497.78	0.18
Cherat Cement Company Ltd.	52,000	-	-	11,000	41,000	5,872,020	961.63	907.54	0.02
D G Khan Cement Co.Ltd.	95,100	-	-	31,000	64,100	5,667,722	928.17	875.97	0.01
Kohat Cement Ltd	72,490	-	-	2,500	69,990	12,034,081	1,970.76	1,859.92	0.05
Lucky Cement Ltd	81,050	-	-	-	81,050	58,591,045	9,595.14	9,055.48	0.03
Maple Leaf Cement Factory Ltd	400,000	-	-	77,000	323,000	11,369,600	1,861.94	1,757.22	0.06
Pioneer Cement Limited	74,000	-	-	42,000	32,000	2,825,920	462.79	436.76	0.01
Thatta Cement Co. Ltd	425,000	-	-	425,000	-	-	-	-	-
	1,363,940	42,300	-	588,500	817,740	125,462,064	20,546	19,391	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Ltd	377,841	22,000	-	99,500	300,341	22,084,074	3,616.59	3,413.18	0.02
	377,841	22,000	-	99,500	300,341	22,084,074	3,616.59	3,413.19	
ENGINEERING									
Agha Steel Ind.Ltd	456,000	-	-	122,000	334,000	9,181,660	1,503.63	1,419.06	0.00
Aisha Steel Mills Ltd	306,500	-	-	306,500	-	-	-	-	-
Amreli Steels Limited	-	170,000	-	-	170,000	6,655,500	1,089.94	1,028.63	0.06
International Industries Ltd	72,200	-	-	71,500	700	116,739	-	-	0.00
International Steels Limited	83,000	-	-	83,000	-	-	-	-	-
Mughal Iron & Steel Inds Ltd	165,560	58,500	-	38,500	185,560	18,114,367	-	-	0.07
	1,083,260	228,500	-	621,500	690,260	34,068,266	2,594	2,448	
AUTOMOBILE ASSEMBLER									
Ghandhara Ind. Ltd.	-	16,300	-	-	16,300	3,178,011	520.45	491.17	0.06
Pak Suzuki Motor Company Limited	22,600	-	-	-	22,600	6,046,630	990.22	934.53	0.03
	22,600	16,300	-	-	38,900	9,224,641	1,511	1,426	
CABLE & ELECTRICAL GOODS									
Pak Elektron Ltd	242,500	-	-	-	242,500	6,680,875	1,094.09	1,032.56	0.05
Waves Singer Pakistan Limited	282,000	61,500	-	-	343,500	6,485,280	1,062.06	1,002.33	0.02
	524,500	61,500	-	-	586,000	13,166,155	2,156	2,035	
PHARMACEUTICALS									
Abbott Laboratories (Pak) Ltd	-	8,000	-	-	8,000	6,182,880	1,012.54	955.59	0.01
Ferozsons Laboratories Ltd	-	46,000	-	-	46,000	16,776,200	2,747.35	2,592.83	0.15
The Searle Company Ltd	1,827	-	-	-	1,827	368,159	60.29	56.90	0.00
	1,827	54,000	-	-	55,827	23,327,239	3,820	3,605	
FOOD & ALLIED INDUSTRIES									
The Organic Meat Company Limited	670,850	334,500	-	292,000	713,350	25,630,666	4,197.40	3,961.32	0.06
	670,850	334,500	-	292,000	713,350	25,630,666	4,197.40	3,961.32	

Name of the Investee Company	As at July 01, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2021	Market value as at September 30, 2021 Rupees in '000'	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	Number of shares					%			
MISCELLANEOUS									
Pakistan Aluminium Beverage Cans Limited	-	117,101	-	37,000	80,101	3,143,163	514.74	485.79	0.01
	-	117,101	-	37,000	80,101	3,143,163	514.74	485.79	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Ltd	15,579	5,000	-	-	20,579	31,966,801	5,235.03	4,940.60	0.02
Oil & Gas Development Co Ltd	694,400	-	-	55,000	639,400	53,581,720	8,774.79	8,281.27	0.01
Pakistan Oilfields Ltd	20,000	-	-	-	20,000	7,507,000	1,229.38	1,160.24	0.01
Pakistan Petroleum Ltd	627,386	-	-	156,000	471,386	35,311,525	5,782.78	5,457.54	0.02
	1,357,365	5,000	-	211,000	1,151,365	128,367,046	21,022	19,840	
OIL & GAS MARKETING COMPANIES									
Pakistan State Oil Company Ltd	165,296	6,000	-	9,000	162,296	32,619,873	5,341.98	5,041.53	0.05
Sui Northern Gas Pipeline Ltd	-	74,000	-	-	74,000	3,365,520	551.15	520.15	0.01
	165,296	80,000	-	9,000	236,296	35,985,393	5,893	5,562	
REFINERY									
Attock Refinery Ltd	37,000	3,500	-	4,000	36,500	6,525,470	1,068.64	1,008.54	0.04
National Refinery Ltd	54,500	15,500	-	5,000	65,000	19,685,900	3,223.85	3,042.54	0.08
	91,500	19,000	-	9,000	101,500	26,211,370	4,292	4,051	
COMMERCIAL BANKS									
BankIslami Pakistan Limited	1,059,500	-	-	260,000	799,500	10,073,700	1,649.72	1,556.93	0.15
Meezan Bank Ltd	292,131	-	33,769	75,000	250,900	35,108,437	5,749.52	5,426.15	0.02
	1,351,631	-	33,769	335,000	1,050,400	45,182,137	7,399	6,983	
FERTILIZER									
Engro Corporation Ltd	132,500	-	-	130,500	2,000	559,500	91.63	86.47	0.00
	132,500	-	-	130,500	2,000	559,500	91.63	86.47	
CHEMICAL									
Engro Polymer & Chemicals Ltd	-	117,000	-	-	117,000	6,443,190	1,055.17	995.82	0.01
Nimir Resins Limited (5)	350,000	300,000	-	650,000	-	-	-	-	-
Nimir Resins Ltd	-	571,000	-	-	571,000	15,633,980	2,560.29	2,416.29	0.00
	350,000	988,000	-	650,000	688,000	22,077,170	3,615	3,412	
AUTOMOBILE PARTS & ACCESSORIES									
PANTHER TYRES LIMITED	316,160	-	-	316,160	-	-	-	-	-
	316,160	-	-	316,160	-	-	-	-	-
TECHNOLOGY & COMMUNICATION									
Air Link Communication Ltd	-	102,075	-	-	102,075	7,356,545	1,204.74	1,136.98	1.13
Avanceon Limited	209,400	30,500	-	176,500	63,400	7,821,024	1,280.81	1,208.77	0.03
Systems Limited	20,810	-	-	-	20,810	15,139,483	-	-	0.02
WorldCall Telecom Ltd	600,000	-	-	600,000	-	-	-	-	-
	830,210	132,575	-	776,500	186,285	30,317,052	2,486	2,346	
FOOD & PERSONAL CARE PRODUCTS									
Al Shaheer Corporation Ltd	-	150,000	-	-	150,000	2,130,000	348.82	329.20	0.11
Unity Foods Limited	518,000	258,000	-	-	776,000	24,226,720	3,967.48	3,744.34	0.14
Grand total	9,656,830	2,549,776	33,769	4,075,660	8,164,715	610,632,324	94,535	89,218	
Cost of investments at September 30, 2021						685,328			

5.1.1 Investments include shares having market value aggregating to Rs. 8.97 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.1.2 These includes gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.6339 million at September 30, 2021 (June 30, 2020: Rs. 0.634 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
Note	----- (Rupees in '000) -----	
6. PAYABLE TO THE MANAGEMENT COMPANY		
Management fee	1,091	1,310
Sindh Sales Tax on Management Company's remuneration	142	170
Sales load payable	3	8
Selling and marketing payable	1,803	866
Allocation of expenses related to registrar services, accounting, operation and valuation services	300	360
	3,339	2,714

	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
Note	----- (Rupees in '000) -----	
7. ACCRUED EXPENSES AND OTHER LIABILITIES		
Federal Excise Duty	7.1 6,785	6,785
Provision for Sindh Workers' Welfare Fund	7.2 -	9,507
Charity payable	7.3 1,646	1,485
Withholding tax payable	1	-
Auditors' remuneration	349	258
Payable to brokers	384	345
Other payables	147	595
	9,312	18,975

-
-
- 7.1 The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal filed by tax authorities against the order passed by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 6.785 million. Had the provision not been retained, NAV per unit of the Fund as at September 30, 2020 would have been higher by Rs. 1.3295 per unit (June 30, 2020: 1.145 per unit).

- 7.2 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.

During the current year, 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. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 9.51 million for the period from July 1, 2014 till August 12, 2021.

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

8. TAXATION

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

9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	For the three months ended	
	September 30,	
	2021	2020
	----- (Rupees in '000) -----	
9.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Management fee including sales tax thereon	4,074	3,020
Allocation of expenses related to registrar services, accounting, operation and valuation services	991	735
Selling and marketing expenses	1,893	1,403
Habib Bank Limited - Sponsor		
Bank charges paid	19	38
Bank profit	139	172
Executives and their relatives		
Issue of 2,444 units (2020: 40,807 units)	300	4,336
Redemption 1,307 units (2020: 41,002 units)	150	4,355
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	407	302
Central Depository services charges	21	91
	(Un-Audited)	(Audited)
	September 30,	June 30,
	2021	2021
	----- (Rupees in '000) -----	
9.2 Balances outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management fee	1,091	1,310
Sindh Sales Tax on Management Company's remuneration	142	170
Sales load payable	3	8
Selling and marketing payable	1,803	866
Allocation of expenses related to registrar services, accounting, operation and valuation services	300	360

	(Un-Audited) September 30, 2021	(Audited) June 30, 2021
	----- (Rupees in '000) -----	
Habib Bank Limited - Sponsor		
Investment held in the Fund 2,539,414 units (June 30, 2021: 2,539,414 units)	283,933	314,848
Bank balances	49,548	10,627
Profit receivable	74	23
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including sales tax thereon	123	148
Security deposit	100	100
Executives and their relatives		
Investment held in the Fund: 19,595 units (June 30, 2021: 18,458 units)	2,191	2,289

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		September 30, 2021								
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees in '000)								
Financial assets measured at fair value										
Investments										
- Listed equity securities	5	610,632	-	-	-	610,632	610,632	-	-	610,632
Financial assets not measured at fair value										
10.1										
Bank balances		-	-	51,512	-	51,512	-	-	-	-
Dividend and profit receivable		-	-	3,078	-	3,078	-	-	-	-
Receivable against sale of investment		-	-	33,264	-	33,264	-	-	-	-
Other receivables		-	-	3,508	-	3,508	-	-	-	-
		-	-	91,362	-	91,362	-	-	-	-
Financial liabilities not measured at fair value										
10.1										
Payable to the Management Company		-	-	-	3,339	3,339	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan		-	-	-	36	36	-	-	-	-
Payable to the Trustee		-	-	-	123	123	-	-	-	-
Accrued expenses and other liabilities		-	-	-	2,526	2,526	-	-	-	-
		-	-	-	6,025	6,025	-	-	-	-
		June 30, 2021								
		Carrying amount				Fair Value				
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
Financial assets measured at fair value										
10.1										
Investments										
- Listed equity securities		749,065	-	-	-	749,065	1,389,046	-	-	1,389,046
		749,065	-	-	-	749,065	1,389,046	-	-	1,389,046
Financial assets not measured at fair value										
10.1										
Bank balances		-	-	40,776	-	40,776	-	-	-	-
Dividend and profit receivable		-	-	212	-	212	-	-	-	-
Receivable against sale of investment		-	-	1,183	-	1,183	-	-	-	-
Other receivables		-	-	7,470	-	7,470	-	-	-	-
		-	-	49,641	-	49,641	-	-	-	-
Financial liabilities not measured at fair value										
10.1										
Payable to the Management Company		-	-	-	2,714	2,714	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan		-	-	-	136	136	-	-	-	-
Payable to the Trustee		-	-	-	148	148	-	-	-	-
Accrued expenses and other liabilities		-	-	-	18,975	18,975	-	-	-	-
		-	-	-	21,973	21,973	-	-	-	-

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

10.2 Transfers during the period

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

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the three months ended September 30, 2021 is 1.16% (September 30, 2020: 1.58%), which includes 0.09% (September 30, 2020: 0.33%) representing government levy, Workers' Welfare Fund and SECP fee.

12. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 28, 2021 .

13. GENERAL

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

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

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

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2021 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Income Fund

FUND INFORMATION

Name of Fund	HBL Islamic Income Fund
Name of Auditor	Yousuf Adil & Co., Chartered Accountants
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Bankers	Bank Islami Pakistan Limited Bank Al Baraka Limited Faysal Bank Limited Habib Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al-Habib Limited Soneri Bank Limited Summit Bank Limited MCB Islamic Bank Limited

HBL Islamic Income Fund
Condensed Interim Statement Of Assets And Liabilities (Unaudited)
AS AT September 30, 2021

		(Unaudited) September 30, 2021 (Rupees in 000's)	(Audited) June 30, 2021
ASSETS	Note		
Bank balances	4	728,537	564,308
Investments	5	579,754	471,528
Profit receivable		11,806	22,389
Deposits and prepayments and Others		307	347
Total assets		1,320,403	1,058,572
LIABILITIES			
Payable to the Management Company	6	2,539	2,172
Payable to the Trustee		92	79
Annual fee payable to Securities and Exchange Commission of Pakistan	7	59	261
Redemption Payable		6,013	10,399
Dividend payable		233	233
Accrued expenses and other liabilities	8	2,478	25,249
Total liabilities		11,415	38,393
NET ASSETS		1,308,988	1,020,179
UNIT HOLDERS' FUND		1,308,988	1,020,179
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
Number of units in issue		12,450,735	10,026,337
		(Rupees)	
Net assets value per unit		105.1334	101.7500

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund
Condensed Interim Income Statement And Comprehensive Income (Unaudited)
For The Three Months Ended September 30, 2021

	Note	2021	Quarter ended September 30, 2020
		(Rupees in '000')	
INCOME			
Capital loss on sale of investments - net		(594)	-
Profit from bank deposits		11,496	17,858
Profit from Sukuks		7,507	10,800
Profit from GOP		-	409
Profit from TDRs		4,072	483
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		5,369	(2,016)
		<u>27,849</u>	<u>27,534</u>
EXPENSES			
Remuneration to the Management Company		4,103	5,615
Sindh Sales Tax on remuneration of management company on management fee		533	730
Remuneration to the Trustee		251	344
Annual fee to Securities and Exchange Commission of Pakistan		59	81
Fund operations, accounting and related costs	7	381	405
Shahriah Advisory Charges		54	54
Amortisation of preliminary expenses and floatation costs		-	-
Auditors' remuneration		59	59
Fees and subscription		92	92
Securities transactionm, settlement and bank charges		68	41
Printing charges		-	-
Selling and Marketing expenses	6.4	677	811
		<u>6,278</u>	<u>8,232</u>
Net income from operating activities		21,571	19,302
Reversal / (Provision) for Sindh Workers' Welfare Fund	8.1	16,683	(386)
Net income for the period before taxation		38,254	18,916
Taxation	10	-	-
Net income for the period after taxation		<u>38,254</u>	<u>18,916</u>
Allocation of net income for the period:			
Income already paid on redemption of units		5,958	3,225
Accounting income available for distribution:			
-Relating to capital gains		3,835	-
-Excluding capital gains		28,461	15,691
		<u>32,296</u>	<u>15,691</u>
Net income / (loss) for the period after taxation		<u>38,254</u>	<u>18,916</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>38,254</u></u>	<u><u>18,916</u></u>
Earnings per unit	11		

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund
Condensed Interim Statement Of Movement In Unit Holders' Fund
For The Three Months Ended September 30, 2021

	2021			2020		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
----- Rupees in '000' -----						
Net assets at beginning of the period	966,294	53,885	1,020,179	1,363,270	54,350	1,020,179
Issuance of 12,921 units (2017: 8,849,950 units)						
- Capital value (at net asset value per unit at the beginning of the period)	617,594	-	617,594	884,068	-	884,068
- Element of loss	(237,297)	-	(237,297)	(168,894)	-	(168,894)
Total proceeds on issuance of units	380,297	-	380,297	715,174	-	715,174
Redemption of 3,989,754 units (2017: 5,060,194 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(370,935)	-	(370,935)	(929,439)	-	(929,439)
- Amount relating to element of loss		(5,958)	(5,958)		(3,225)	(3,225)
Relating to net loss for the period after taxation	247,151	-	247,151	170,067	-	170,067
Total payments on redemption of units	(123,784)	(5,958)	(129,742)	(759,372)	(3,225)	(762,597)
Total comprehensive income for the period	-	38,254	38,254	-	18,916	18,916
Refund of Capital	-	-	-	-	-	-
Distribution for the period	-	-	-	-	-	-
Total comprehensive income for the period less distribution	-	38,254	38,254	-	18,916	18,916
Net assets at end of the period	1,222,807	86,181	1,308,988	1,319,072	70,041	991,672
Undistributed income brought forward						
- Realised		52,705			60,263	
- Unrealised		1,180			(5,913)	
		<u>53,885</u>			<u>54,350</u>	
Accounting income / (loss) for the period		38,254			18,916	
Distribution during the period		-			-	
Undistributed income carried forward		<u>92,139</u>			<u>73,266</u>	
Undistributed income carried forward						
- Realised		86,770			75,282	
- Unrealised		5,369			(2,016)	
		<u>92,139</u>			<u>73,266</u>	
Net assets value per unit at beginning of the period			<u>101.7500</u>			<u>101.7500</u>
Net assets value per unit at end of the period			<u>105.1334</u>			<u>102.7704</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund
Condensed Interim Cash Flow Statement (Unaudited)
For The Three Months Ended September 30, 2021

	Quarter ended September 30,	
	2021	2020
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	38,254	18,916
Adjustments for non cash charges and other items:		
Amortisation of deferred formation cost	-	-
Capital loss on sale of investments - net	594	-
Unrealize appreciation on re-measurement of investments classified as 'financial assets at fair value through profit of loss' - net	(5,369)	2,016
	(4,775)	2,016
(Increase) / decrease in assets		
Investments - net	(103,451)	(33,364)
Profit receivable	10,583	2,993
Deposits and prepayments	40	(7,442)
	(92,828)	(37,813)
Increase / (Decrease) in liabilities		
Payable to the Management Company	367	611
Payable to the Trustee	13	17
Annual fee payable to Securities and Exchange Commission of Pakistan	(202)	(180)
Redemption Payable	(4,386)	21,894
Dividend payable	-	24
Accrued expenses and other liabilities	(22,771)	(7,088)
	(26,979)	15,278
Net cash (used in) / generated from operating activities	(86,328)	(1,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	380,297	715,174
Cash paid on redemption of units	(129,742)	(753,693)
Dividend paid	-	-
Net cash used in financing activities	250,555	(38,519)
Net decrease in cash and cash equivalents	164,227	(40,122)
Cash and cash equivalents at the beginning of the period	564,308	564,308
Cash and cash equivalents at the end of the period	728,537	524,185

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Income Fund

Notes To The Condensed Interim Financial Statements (Unaudited)

For The Three Months Ended September 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2+ (AM2 Plus)' to the Management Company and a stability rating 'A+(f)' to the Fund..

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

2.1.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2021.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2021.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2021. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this financial information for the year ended June 30, 2021.

	Note	(Unaudited) September 30, 2021 (Rupees in 000')	(Audited) June 30, 2021
4 BANK BALANCES			
In savings accounts		728,152	555,623
In current accounts	4.1	385	8,685
		<u>728,537</u>	<u>564,308</u>

4.1 Mark-up rates on these accounts range between 6.04% to 7.74% per annum (June 30, 2021: 5.90% to 6.90% per annum).

5	INVESTMENTS	Note	(Unaudited)	(Audited)
			September 30, 2021	June 30, 2021
			(Rupees in '000')	
	Financial Assets at fair value through profit & loss:			
	Corporate Sukuk	5.1	540,754	330,254
	At amortized cost			
	Commercial Papers	5.2	39,000	141,274
			579,754	471,528
			579,754	471,528

5.1 Corporate Sukuks:

Entity	Long Term Rating	Number of Units				Market value	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2021	Purchases during the period	Sales / matured during the year	As at September 30, 2021			
		-----No. of Certificates-----				-----Rupees in '000'-----	-----%-----	
Corporate Sukuks								
Ghani Gases Sukuk		1,530	-	-	1,530	50,983	3.89%	8.79%
AGP Limited Sukuk (6.1.2)		992	-	-	992	-	0.00%	0.00%
Dubai Islamic Bank (Sukuk) (6.1.2)		54	-	-	54	55,512	4.24%	9.58%
International Brand Ltd		1,100	-	-	1,100	-	-	-
DAWOOD HERCULES CORP. LTD. (16-11-2017)		-	-	-	-	-	-	-
DAWOOD HERCULES CORP. LTD. (01-03-2018)		-	-	-	-	-	-	-
Agha Steel		95	-	-	95	93,959	7.18%	16.21%
Hub Power Company Limited190320		350	-	-	350	35,929	2.74%	6.20%
Hub Power Company Limited190520		650	-	-	650	209,814	16.03%	36.19%
TPL Trakker Ltd		19	-	-	19	19,557	1.49%	3.37%
OBS AGP Private Limited			750	-	750	75,000	5.73%	12.94%
Total - September 30, 2021		4,790	750	-	5,540	540,754	41.31%	93.27%
Cost of investment - September 30, 2020						1,592,517		

5.1.1 These Sukuk carry semi annual mark-up at the rate of 8.15% to 10.78% per annum. (June 30, 2021: semi annual mark-up at the rate of 7.20% to 14.50% per annum) respectively.

5.1.2 This include Rs. 1,306 million (2019: 1,588) recievable from Dawood Hercules Coporate Limited which is a related party due to common directorship.

6	PAYABLE TO MANAGEMENT COMPANY	Note	September 30,	June 30,
			2021 (Un-Audited)	2021 (Audited)
	Management fee	6.1	1,502	1,287
	Sindh Sales Tax	6.2	195	167
	Sales load payable		2	24
	Allocation of expenses related to registrar services, accounting, operation and valuation services		163	93
	Selling and Marketing expenses		677	601
			2,539	2,172
			2,539	2,172

6.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. During the period the Management Company has charged aforementioned expense to the extent of 0.1385% of the average daily net assets of the Fund.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

7 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.075% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

	Note	(Unaudited) September 30, 2021	(Audited) June 30, 2021
8 ACCRUED EXPENSES AND OTHER LIABILITIES			
		(Rupees in 000's)	
Provision for Sindh Workers' Welfare Fund	8.1	-	16,683
Provision for Federal Excise Duty	8.2	1,344	1,344
Payable to brokers		23	-
Withholding tax payable		213	6,369
Auditors' remuneration		193	238
Printing Charges		160	160
Others		545	455
		2,478	25,249

8.1 PROVISION FOR SINDH 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.

During the current year, 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. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 16.91 million for the period from July 1, 2014 till August 12, 2021.

8.2 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at September 30, 2021 would have been higher by Re. 0.1079 (June 30, 2021: Re. 0.134) per unit.

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments outstanding as at September 30, 2021 and June 30, 2021.

10 TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

11 EARNINGS PER UNIT

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

12 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the three months ended September 30, 2020 is 0.54% which includes 0.08% representing government levy and SECP fee.

13 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include the HBL Asset Management Limited being the Management Company, Habib Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, other associated companies of the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and term determined in accordance with the market rates.

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

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

Details of transactions carried out by the Fund with connected persons and balances with them other than those disclosed elsewhere in these financial statements, as at year end, are as follows:

	(Unaudited) Quarter ended September 30, 2021	(Unaudited) Quarter ended September 30, 2020
	(Rupees in '000)	
Transactions during the year		
HBL Asset Management Company Limited		
Remuneration of the Management Company for the period	4,103	5,615
Sindh Sales tax on remuneration of the Management Company	533	730
Habib Bank Limited - Sponsors		
Profit on bank deposits	2,730	5,127
Bank charges paid	30	27
Central Depository Company of Pakistan Limited-Trustee		
Trustee fee	251	344
CDS charges	12	3
Directors and executives of the Management Company		
Issue of 8,574 units (2020: 21,094 units)	900	2,148
Redemption of Nil units (2020: 10,522 units)	-	1,077
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Investment of 393 (2020: Nil) units	40	-
Redemption of 3,825 (2020: 30,162) units	390	3,087
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Investment of Nil (2020: 59,200) units	-	6,036
Redemption of 3,529 (2020: 88,625) units	362	9,030
Investment of 954,533 (2020: Nil) units	100,000	-
SOORTY ENTERPRISES (PVT) LTD		
Investment of Nil (2020: 6,392,988) units	-	650,000
Redemption of Nil (2020: 4,904,548) units	-	500,000

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
	(Rupees in '000)	
13.1 Balance as at September 30, 2021		
HBL Asset Management Company Limited		
Management fee payable	1,502	1,287
Sindh Sales Tax	195	167
Sales load payable	2	24
Allocation of expenses related to registrar services, accounting operation and valuation services	163	93
Selling & Marketing Expense	677	601
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable		79
Security deposit	92	100
Habib Bank Limited-Sponsor		
Units held : Nil (June 30, 2021: Nil units)	-	-
Bank balances	708,431	554,564
HBL Asset Management Limited Employees Gratuity Fund		
Units held : 5,406 units (June 30, 2021: 5,405 units)	568	550
HBL Asset Management Limited Employees Provident Fund		
Units held 29, 061 units (June 30, 2021: 29,060 units)	3,055	2,957
Directors and executives of the Management Company		
Units held 9,051 units (June 30, 2021: 2,889 units)	952	608
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Units held : 101,187,047 (June 30 2021: 222,819) units	10,638	22,672
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Units held : 398,425 (June 30, 2021: 401,953) units	41,888	40,899
Jubilee Life Insurance Company Limited		
Units held : 954,533 (2020: Nil) units	100,353	-

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the company 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.

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

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

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

	Note	September 30, 2021							
		Carrying amount			Fair Value				
		Fair value through profit and loss	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments		----- (Rupees in '000) -----							
Financial assets measured at fair value									
Investments									
- Corporate Sukuk	6	540,754	-	-	540,754	-	540,754	-	540,754
		540,754	-	-	540,754	-	540,754	-	540,754
Financial assets not measured at fair value									
Bank balances		-	728,537	-	728,537	-	-	-	-
Profit receivable		-	11,806	-	11,806	-	-	-	-
Deposits		-	307	-	307	-	-	-	-
		-	740,343	-	740,343	-	-	-	-
Financial liabilities not measured at fair value									
Payable to the Management Company		-	-	2,539	2,539	-	-	-	-
Payable to the Trustee		-	-	92	92	-	-	-	-
Accrued expenses and other liabilities		-	-	921	921	-	-	-	-
		-	-	3,552	3,552	-	-	-	-

	Note	June 30, 2021							
		Carrying amount			Total	Fair Value			
		Fair value through profit and loss	At amortized cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments		----- (Rupees in '000) -----							
Financial assets measured at fair value									
Investments									
- Corporate Sukuk	6	471,528	-	-	471,528	-	471,528	-	471,528
		<u>471,528</u>	<u>-</u>	<u>-</u>	<u>471,528</u>	<u>-</u>	<u>471,528</u>	<u>-</u>	<u>471,528</u>
Financial assets not measured at fair value									
Bank balances		-	564,308	-	564,308	-	-	-	-
Profit receivable		-	22,389	-	22,389	-	-	-	-
		<u>-</u>	<u>586,697</u>	<u>-</u>	<u>586,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Payable to the Management Company		-	-	2,172	2,172	-	-	-	-
Payable to the Trustee		-	-	79	79	-	-	-	-
Accrued expenses and other liabilities		-	-	25,249	25,249	-	-	-	-
		<u>-</u>	<u>-</u>	<u>27,500</u>	<u>27,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 28, 2021 by the Board of Directors of the Management Company.

16 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2021 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Equity Fund

FUND INFORMATION

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

HBL Islamic Equity Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at September 30, 2021

	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
Note	(Rupees in '000)	
Assets		
Bank balances	4 73,662	44,370
Investments	5 299,971	612,282
Dividend and profit receivable	3,339	4,976
Receivable against sale of investments	-	16,883
Deposits and prepayments	10,366	9,448
Total assets	387,338	687,959
Liabilities		
Payable to Management Company	6 3,078	2,362
Payable to the Trustee	99	118
Payable to the Securities and Exchange Commission of Pakistan	7 29	79
Payable against purchase of investments	27,624	-
Payable against redemption of units	24,846	49,461
Accrued expenses and other liabilities	8 5,342	11,355
Total liabilities	61,018	63,375
Net assets	326,319	624,584
Unit holders' fund (as per statement attached)	326,319	624,584
Contingencies and commitments		
	9	
	(Number of units)	
Number of units in issue	3,552,247	5,944,266
	(Rupees)	
Net assets value per unit	91.8628	105.0735

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
Condensed Interim Income Statement (Un-Audited)
For the three months ended September 30, 2021

	Note	Quarter ended September 30,	
		2021	2020
		(Rupees in '000')	
INCOME			
Capital (loss) / gain on sale of investments - net		(31,668)	18,100
Dividend income		2,540	932
Profit from bank deposits		502	291
Unrealize (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(40,312)	23,389
		(68,937)	42,712
EXPENSES			
Remuneration to the Management Company		2,913	1,564
Sindh Sales Tax on remuneration of management company		379	203
Remuneration to the Trustee		329	177
Annual fee to Securities and Exchange Commission of Pakistan		29	16
Allocation of expenses related to registrar services, accounting, operation and valuation services		709	126
Amortisation of preliminary expenses and floatation costs		-	-
Auditors' remuneration		58	58
Fees and subscription		40	7
Securities transaction and bank charges		1,038	801
Printing charges		-	-
Expense to Shariah Advisory Services		53	53
Selling and marketing expense		1,459	586
		7,006	3,591
Net loss from operating activities		(75,943)	39,124
Reversal / (Provision) for Sindh Workers' Welfare Fund	8.1	5,543	(782)
Net loss for the period before taxation		(70,400)	38,341
Taxation	10	-	-
Net loss for the period after taxation		(70,400)	38,341
Allocation of net loss for the period:			
Income already paid on redemption of units		-	5,367
Accounting income available for distribution:			
-Relating to capital gains		-	32,974
-Excluding capital gains		-	-
		-	32,974
Net loss for the period after taxation		(70,400)	38,341
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(70,400)	38,341

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
Condensed Interim Statement of Movement in Unitholders' Fund
For the three months ended September 30, 2021

	2021			2020		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
-----Rupees in '000'-----						
Net assets at beginning of the period	800,479	(175,895)	624,584	421,843	(193,257)	624,584
Issuance of 12,921 units (2017: 6,082,086 units)						
- Capital value (at net asset value per unit at the beginning of the period)	143,222	-	143,222	212,435	-	212,435
- Element of loss	(8,505)	-	(8,505)	(35,551)	-	(35,551)
Total proceeds on issuance of units	134,717	-	134,717	176,884	-	176,884
Redemption of 3,989,754 units (2017: 384,773 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(394,560)	-	(394,560)	(145,702)	-	(145,702)
- Amount relating to element of loss	31,977	-	31,977	22,083	-	22,083
Relating to net loss for the year after taxation	-	-	-	-	-	-
Total payments on redemption of units	(362,583)	-	(362,583)	(123,619)	-	(123,619)
Total comprehensive income for the year	-	(70,400)	(70,400)	-	38,341	38,341
Distribution for the year	-	-	-	-	-	-
Total comprehensive income for the year less distribution	-	(70,400)	(70,400)	-	38,341	38,341
Net assets at end of the year	572,613	(246,295)	326,319	475,108	(154,916)	716,191
Undistributed income brought forward						
- Realised		(187,421)			(189,059)	
- Unrealised		11,526			(4,198)	
		(175,895)			(193,257)	
Element of income and capital gains included in prices of units issued less those in units redeemed		-			-	
Accounting (loss) / income for the year		(70,400)			38,341	
Distribution during the year		-			-	
Undistributed income carried forward		(246,295)			(154,916)	
Undistributed income carried forward						
- Realised		(205,983)			(178,305)	
- Unrealised		(40,312)			23,389	
		(246,295)			(154,916)	
Net assets value per unit at beginning of the year			105.0735			105.0735
Net assets value per unit at end of the year			91.8628			89.3907

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
Condensed Interim Cash Flow Statement (Unaudited)
For the three months ended September 30, 2021

	Quarter ended	
	September 30,	
	2021	2020
	(Rupees in 000's)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(70,400)	38,341
Adjustments for non cash charges and other items:		
Amortisation of deferred formation cost	-	-
Capital gain on sale of investments - net	31,668	(18,100)
Unrealize diminution/ (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	40,312	(23,389)
	71,980	(41,489)
Decrease / (increase) in assets		
Investments - net	240,331	342,020
Dividend and profit receivable	1,637	3,258
Receivable from equity market settlement	16,883	16,883
Deposits and prepayments	(918)	5,285
Preliminary and floatation costs	-	-
	257,933	367,446
(decrease) / Increase in liabilities		
Payable to the Management Company	716	(1,082)
Payable to the Trustee	(19)	(56)
Annual fee payable to Securities and Exchange Commission of Pakistan	(50)	(63)
Payable against equity market settlement	27,624	13,568
Accrued expenses and other liabilities	(6,013)	(1,506)
	22,258	10,861
Net cash generated from / (used in) operating activities	281,771	375,159
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	134,717	176,884
Cash paid on redemption of units	(387,198)	(123,842)
Net cash used in / generated from financing activities	(252,481)	53,042
Net (decrease)/ increase in cash and cash equivalents	29,290	428,201
Cash and cash equivalents at the beginning of the period	44,370	44,370
Cash and cash equivalents at the end of the period	73,662	472,570

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the three months ended September 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

JCR-VIS Credit Rating Company has assigned an asset management rating of 'AM2+' (AM2 Plus) to the Management Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS - 34) and provision of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non- Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP).Wherever the requirements of NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirments of the IFRS the requirments of NBFC Rules,the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS - 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

- 3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2021.
- 3.2** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.
- 3.4** Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2021. None of these amendments are expected to have a significant effect on this condensed interim financial information.
- 3.5** The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended September 30, 2021.

	September 30, 2021 (Un-Audited) Note	June 30, 2021 Audited (Rupees in '000)
4 BANK BALANCES		
Current accounts	1	10
PLS deposit accounts under mark-up arrangements	4.1 73,661	44,360
	<u>73,662</u>	<u>44,370</u>

4.1 Mark-up rates on these accounts range between 6.50% to 6.90% p.a (June 30, 2021: 5.65% - 8.00% p.a).

	September 30, 2021 (Un-Audited) Note	June 30, 2021 Audited
	(Rupees in '000)	
5 INVESTMENTS		
Financial assets 'at fair value thorough profit or loss' held for trading		
- Listed equity securities	5.1	299,971
	<u>299,971</u>	<u>612,282</u>
	<u>299,971</u>	<u>612,282</u>

5.1 Financial assets 'at fair value thorough profit or loss' - held for trading - listed equity securities

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

Name of the Investee Company	Number of shares				Market value			Par value as a percentage of issued capital of the investee company	
	As at July 1, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2021	As at September 30, 2021 (Rupees in	As a percentage of total Investments		As a percentage of net Assets
TEXTILE COMPOSITE									
Interloop Limited	94,250	24,000	-	6,500	111,750	7,953	2.65%	2.44%	1.65%
Kohinoor Textile Mills Ltd	83,000	-	-	33,500	49,500	3,438	1.15%	1.05%	
Nishat Mills Limited	35,000	4,000	-	3,000	36,000	3,271	1.09%	1.00%	0.03%
						<u>14,662</u>	<u>4.89%</u>	<u>4.48%</u>	
CEMENT									
Attock Cement Pakistan Ltd	291,200	44,000	-	100,000	235,200	33,130	11.04%	10.15%	1.65%
Cherat Cement Company Ltd.	42,900	-	-	42,900	-	-	-	-	1.65%
D G Khan Cement Co.Ltd.	132,451	-	-	132,451	-	-	-	-	1.65%
Kohat Cement Ltd	45,110	-	-	12,000	33,110	5,693	1.90%	1.74%	0.04%
Lucky Cement Limited	28,089	16,300	-	21,820	22,569	16,315	5.44%	5.00%	0.01%
Maple Leaf Cement Factory Ltd	396,318	12,000	-	265,000	143,318	5,045	-	-	-
Pioneer Cement Limited	59,500	-	-	59,500	-	-	-	-	-
Thatta Cement Co. Ltd	356,500	-	-	356,500	-	-	-	-	-
						<u>60,183</u>	<u>18.38%</u>	<u>16.89%</u>	
POWER GENERATION & DISTRIBUTION									
Hub Power Company Ltd	195,687	2,800	-	46,500	151,987	11,176	3.73%	3.42%	0.02%
						<u>11,176</u>	<u>3.73%</u>	<u>3.41%</u>	
ENGINEERING									
Agha Steel Ind. Ltd	538,000	-	-	281,500	256,500	7,051	2.35%	2.16%	0.02%
Aisha Steel mills Ltd	123,000	-	-	123,000	-	-	-	-	0.02%
Amreli Steels Limited	-	150,000	-	-	150,000	5,873	1.96%	1.80%	0.02%
International Industries Ltd	58,900	-	-	58,900	-	-	-	-	0.02%
International Steels Limited	157,500	50,000	-	207,500	-	-	-	-	0.02%
Mughal Iron & Steel Inds Ltd	118,620	80,000	-	16,000	182,620	17,827	5.94%	5.46%	0.02%
						<u>30,751</u>	<u>10.25%</u>	<u>5.45%</u>	
AUTOMOBILE ASSEMBLER									
Gandhara Ind. Ltd	7,500	9,300	-	-	16,800	3,275	1.09%	-	-
Honda Atlas Cars (Pakistan) Ltd	18,000	-	-	18,000	-	-	-	-	0.02%
Pak Suzuki Motor Company Limited	18,200	-	-	18,200	-	-	-	-	-
						<u>3,275</u>	<u>1.09%</u>	<u>-0.01%</u>	
CABLE & ELECTRICAL GOODS									
Pak Elektron Ltd	285,000	29,000	-	78,000	236,000	6,502	2.17%	1.99%	0.02%
Waves Singer Pakistan Limited	231,000	36,500	-	50,000	217,500	4,106	-	-	-
						<u>10,608</u>	<u>2.17%</u>	<u>1.98%</u>	
PHARMACEUTICALS									
Abbott Laboratories (Pvt) Ltd	-	6,000	-	-	6,000	4,637	1.55%	1.42%	-
Ferozsons Laboratories Ltd	-	37,300	-	-	37,300	13,603	-	-	-
The Searle Company Limited	1,222	-	-	-	1,222	246	0.08%	0.08%	0.01%
						<u>18,486</u>	<u>1.63%</u>	<u>1.49%</u>	

Name of the Investee Company	Number of shares				Market value			Par value as a percentage of issued capital of the investee company	
	As at July 1, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at September 30, 2021	As at September 30, 2021 (Rupees in	As a percentage of total Investments		As a percentage of net Assets
FOOD & ALLIED INDUSTRIES									
The Organic Meat Company Limited	382,675	561,000	-	401,500	542,175	19,480	6.49%	5.97%	0.02%
						19,480	6.49%	5.96%	
MISCELLANEOUS									
Pakistan Aluminium Beverage Cans Limited	-	75,268	-	34,000	41,268	1,619	0.54%	0.50%	0.02%
						1,619	0.54%	0.50%	
OIL & GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	145	4,920	-	-	5,065	7,868	2.62%	2.41%	0.02%
Oil and Gas Development Company Limited	514,200	-	-	514,200	-	-	-	-	0.01%
Pakistan Oilfields Limited	17,300	-	-	17,300	-	-	-	-	0.01%
Pakistan Petroleum Limited	567,800	-	-	567,800	-	-	-	-	0.01%
						7,868	2.62%	2.40%	
OIL & GAS MARKETING COMPANIES									
Pakistan State Oil Company Limited	137,828	8,900	-	65,000	81,728	16,427	5.48%	5.03%	0.02%
Sui Northern Gas Pipeline Limited	-	69,500	-	-	69,500	3,161	1.05%	0.97%	0.01%
						19,588	6.53%	5.99%	
REFINERY									
Attock Refinery Ltd	54,300	11,200	-	21,700	43,800	7,831	2.61%	2.40%	0.02%
National Refinery Ltd	63,000	17,100	-	17,000	63,100	19,110	6.37%	5.86%	0.02%
						26,941	8.98%	8.25%	
COMMERCIAL BANKS									
BankIslami Pakistan Limited	1,353,500	-	-	678,000	675,500	8,511	2.84%	2.61%	0.02%
Meezan Bank Limited	233,126	-	27,243	151,500	108,869	15,234	5.08%	4.67%	0.02%
						23,745	7.92%	7.27%	
FERTILIZER									
Engro Corporation Limited	102,300	-	-	102,300	-	-	0.00%	0.00%	0.02%
						-	0.00%	-0.01%	
CHEMICAL									
Engro Polymer & Chemicals Limited	-	134,000	-	10,000	124,000	6,829	2.28%	2.09%	0.04%
Lotte Chemical Pakistan Ltd	-	56,500	-	56,500	-	-	0.00%	0.00%	0.02%
Nimir Resins Limited (5)	467,000	96,000	-	563,000	-	-	-	-	
Nimir Resins Limited	-	347,000	-	-	347,000	9,501	3.17%	2.91%	0.02%
						16,330	5.44%	4.99%	
AUTOMOBILE PARTS & ACCESSORIES									
Panther Tyres Limited	193,005	-	-	193,005	-	-	0.00%	0.00%	0.04%
						-	0.00%	-0.01%	
TECHNOLOGY & COMMUNICATION									
Air Link Communication Ltd	-	56,100	-	-	56,100	4,043	1.35%	1.24%	-
Avanceon Limited	200,400	39,499	-	206,500	33,399	4,120	1.37%	1.26%	-
Systems Limited	24,295	8,000	-	17,500	14,795	10,764	3.59%	3.30%	-
Worldcall Telecom Ltd	500,000	-	-	500,000	-	-	0.00%	0.00%	-
						18,927	6.31%	3.29%	
Food & Personal Care Product									
Al Shaheer Corporation Ltd	-	50,000	-	50,000	-	-	-	-	0.02%
Unity Foods Limited	437,605	185,500	-	100,000	523,105	16,331	5.44%	5.00%	0.01%
						16,331	5.44%	4.99%	
Total September 30, 2021						299,971	6.31%	5.79%	
Carrying value as at September 30, 2020						311,751			

5.2 The above investments include shares with market value aggregating to Rs 82.84 million (2020: Rs 72.42 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP, which are as follows:

These investments include gross bonus shares as per Fund's entitlement declared by the investee company. Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 1.52 million (June 30, 2021 Rs. 2.616 million) and not yet deposited on CDC account of department of Income tax. Management is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end. Moreover the requirement to deduct tax on bonus shares has been withdrawn through Finance Act, 2018.

6	Note	September 30, 2021 (Un-Audited)	June 30, 2021 (Audited)
PAYABLE TO MANAGEMENT COMPANY			
Management fee	6.1	875	1,040
Sindh Sales Tax	6.2	114	135
Sales load payable		389	128
Allocation of expenses related to registrar services, accounting, operation and valuation services		241	975
Allocation of expenses related to Selling and Marketing,		1,459	84
		<u>3,078</u>	<u>2,362</u>

6.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. During the period the Management Company has charged aforementioned expense to the extent of 2% of the average daily net assets of the Fund.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent on the remuneration of management company through Sindh Sales Tax on Services Act, 2011.

7 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a money market scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019 the rate of is reduced from 0.095% to 0.02% of the daily average net assets of the Fund. The fee is payable annually in arrears.

		September 30, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 (Audited)
8	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund	8.1 -	5,543
	Provision for Federal Excise Duty	8.2 3,268	3,268
	Donation payable	779	779
	Payable to brokers	568	883
	Withholding tax payable	312	504
	Auditors' remuneration	192	238
	Printing Charges	98	109
	Others	125	31
		5,342	11,355

8.1 PROVISION FOR SINDH 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.

During the current year, 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. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs.5.54 million for the period from July 1, 2014 till August 12, 2021.

8.2 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty on the Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal filed by tax authorities against the order by Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating aggregating to Rs. 3.268 million (June 30, 2018: Rs. 3.268 million). Had the provision not been made, the Net Asset Value per unit as at september 30, 2021 would have been higher by Re. 0.550 (June 30, 2021: Re. 0.5498) per unit.

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2021 and June 30, 2021.

10 TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

11 EARNINGS PER UNIT

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

12 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the three months ended September 30, 2021 is 1.41% which includes 0.36% representing government levy and SECP fee.

13 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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

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

	(Unaudited) Quarter ended September 30, 2021	(Unaudited) Quarter ended September 30, 2020
	(Rupees in '000)	
Transactions during the year		
HBL Asset Management Company Limited		
Remuneration of the Management Company for the period	2,913	1,564
Sindh Sales tax on remuneration of the Management Company	379	203
Allocation of expenses related to registrar services, accounting, operation and valuation services	709	126
Allocation of expenses related to Selling and Marketing, Sale load	1,459	586
Issue of Nil (2020: 397,141) units	-	-
Redemption of Nil units (2020: Nil units)	-	35,000
	-	-
Directors and executives of the Management Company		
Redemption of 23,528 (2020: 12,264) units	2,328	1,145
Issue of 22,481 (2020: 21,440) units	2,312	1,996
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Redemption of 15,065 (2020: 12,264) units	1,560	-
Issue of 3,074 (2020: 21,440) units	316	-
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Investment of 3,118 (2020: 16,758) units	321	1,464
Redemption of Nil (2020: 27,866) units	-	2,371
Central Depository Company of Pakistan Limited		
Trustee fee	329	177
CDS charges	35	9

13.1 Balance as at September 30, 2021

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
	(Rupees in '000)	
HBL Asset Management Company Limited		
Units held Nil (2021: Nil) units	-	-
Management fee payable	875	1,040
Sindh Sales tax on remuneration of the Management Company	114	135
Sales load payable	389	128
Allocation of expenses related to registrar services, accounting, operation and valuation services	241	84
Allocation of expenses related to Selling and Marketing,	1,459	975
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable	99	118
Directors and executives of the Management Company		
Units held 10,938 (2021: 14,495) units	1,005	1,628
HBL Islamic Financial Planning Fund - Active Allocation Plan CIS under common management		
Units held 396,148 (2021: 408,643) units	36,391	34,009
HBL Islamic Financial Planning Fund - Conservative Allocation Plan CIS under common management		
Units held 98,542 (2021: 95,423) units	9,052	9,995
Munira Aamir Vasi		
Units held 531,947 (2021: Nil) units	48,866	-

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

IFRS 13, 'Fair Value Measurements: Disclosures' 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		September 30, 2021						
		Carrying amount			Fair Value			
Note	Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
	14.1							
		Investments						
		- Listed equity securities						
		299,971	-	-	299,971	299,971	-	-
		299,971	-	-	299,971	299,971	-	-
Financial assets not measured at fair value								
	14.1			-				
		Bank balances						
		Investments						
		Dividend and profit receivable						
		Deposits and prepayments						
		-	73,662	-	73,662	-	-	-
		-	3,339	-	3,339	-	-	-
		-	10,366	-	10,366	-	-	-
		-	87,367	-	87,367	-	-	-
Financial liabilities not measured at fair value								
	14.1							
		Payable to Management Company						
		Payable to Central Depository Company of Pakistan Limited - Trustee						
		Payable against purchase of investments						
		Accrued expenses and other liabilities						
		-	-	3,078	3,078	-	-	-
		-	-	99	99	-	-	-
		-	-	27,624	27,624	-	-	-
		-	-	-	-	-	-	-
		-	-	30,801	30,801	-	-	-

		June 30, 2021								
		Carrying amount			Fair Value					
		Fair value through profit or loss - held-for-trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
		(Rupees in '000)								
On-balance sheet financial instruments										
Financial assets measured at fair value		14.1								
Investments										
- Listed equity securities			612,282	-	-	612,282	612,282	-	-	612,282
			612,282	-	-	612,282	612,282	-	-	612,282
Financial assets not measured at fair value		14.1			-					
Bank balances			-	44,370	-	44,370	-	-	-	-
Investments										
-Unlisted Equity Securities			-	-	-	-	-	-	-	-
Dividend and profit receivable			-	4,976	-	4,976	-	-	-	-
			-	49,346	-	49,346	-	-	-	-
Financial liabilities not measured at fair value		14.1								
Payable to Management Company			-	-	2,362	2,362	-	-	-	-
Payable to Trustee			-	-	118	118	-	-	-	-
Accrued expenses and other liabilities			-	-	-	-	-	-	-	-
			-	-	2,480	2,480	-	-	-	-

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

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 28, 2021.

16 CORRESPONDING FIGURES

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

17 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2021 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Financial Planning Fund

FUND INFORMATION

Name of Fund	HBL Islamic Financial Planning Fund
Name of Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Name of Shariah Advisors	Al - Hilal Shariah Advisors (Pvt.) Limited
Bankers	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited Bank Al Habib Limited

HBL Islamic Financial Planning Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at September 30, 2021

Note	Sep 30, 2021 (Un-Audited)			June 30, 2021 (Audited)		
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
----- (Rupees in '000) -----						
ASSETS						
4	706	576	1,282	789	584	329,925
5	47,029	50,940	97,969	53,530	50,925	128,158
	3	2	4	5	7	1,745
		-	-		-	-
	12	9	21	16	9	203
	89	15	104	92	18	151
TOTAL ASSETS	47,839	51,542	99,381	54,432	51,543	460,182
LIABILITIES						
6	22	366	388	22	365	387
	4	4	8	4	3	7
						-
	3	4	7	16	1	17
7	374	212	586	870	257	1,127
	26	-	26	-	-	-
TOTAL LIABILITIES	429	587	1,015	912	626	1,538
NET ASSETS	47,411	50,955	98,366	53,520	50,917	104,437
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)						
	47,411	50,955	98,366	53,520	50,917	450,028
----- (Units) -----						
NUMBER OF UNITS IN ISSUE	448,399	442,886	-	462,085	442,930	-
----- (Rupees) -----						
NET ASSETS VALUE PER UNIT	105.7334	115.0506		115.8209	114.9507	

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Income Statement (Un-Audited)
For the three months ended September 30, 2021

Note	For the three months ended September 30, 2020			For the three months ended September 30, 2021			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total
(Rupees in '000)							
Income							
Mark-up on deposits with bank	11	7	18	4	13	4,758	4,775
Capital gain / (loss) on sale of investment - net	(22)	3	(19)	483	147	2,853	3,483
Unrealised (diminution) / appreciation on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net	(4,885)	53	(4,831)	7,211	7	-	7,218
Dividend Income	-	-	-	-	-	-	-
Back end load	-	-	-	-	-	14	14
	(4,896)	64	(4,832)	7,698	167	7,624	15,490
Expenses							
Remuneration of the Management Company	6.1	1	0	1	-	6	860
Sindh Sales Tax on remuneration of the Management Company	6.2	0	0	-	-	1	112
Remuneration of the Trustee		13	13	26	25	1	91
Annual fee to the Securities and Exchange Commission of Pakistan		3	3	5	5	-	23
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	26	26	52	50	3	231
Amortisation of preliminary expenses and flotation costs		4	-	4	4	-	164
Auditors' remuneration		69	5	74	17	-	75
Printing charges		-	-	-	-	-	5
Bank charges		5	4	10	2	4	7
Fees and subscription		0	-	-	6	-	27
Shariah advisory fee		51	1	52	11	1	59
Tax on bank profit		-	-	-	-	-	515
Legal Fee		17	17	33	-	-	-
		189	69	257	120	16	2,195
Net income / (loss) from operating activities		(5,085)	(5)	(5,089)	7,578	150	5,565
Reversal of selling and marketing expense	6.4	-	-	-	-	-	-
Reversal / (Provision) for Sindh Workers' Welfare Fund	7.1	541	49	590	(152)	(3)	(266)
Net income / (loss) for the period before taxation		(4,543)	44	(4,499)	7,426	147	5,455
Taxation	8	-	-	-	-	-	-
Net income / (loss) for the period after taxation		(4,543)	44	(4,499)	7,426	147	5,455
Income already paid on redemption of units		-	-	-	515	100	614
Accounting income available for distribution		(4,543)	44	(4,499)	6,911	47	5,455
- Relating to capital gains		-	-	-	-	-	-
- Excluding capital gains		(4,543)	44	(4,499)	6,911	47	5,455
Net income / (loss) for the period after taxation		(4,543)	44	(4,499)	7,426	147	5,455
Other comprehensive income for the period		-	-	-	-	-	-
Item that may be reclassified subsequently to income statement		-	-	-	-	-	-
Item that will not be reclassified subsequently to income statement		-	-	-	-	-	-
Total comprehensive income / (loss) for the period		(4,543)	44	(4,499)	7,426	147	5,455

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the three months ended September 30, 2021

	For the three months ended					
	September			September		
	2021			2020		
	Active Allocation Plan		Active Allocation Plan			
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the period	55,000	(1,480)	53,520	100,158	(6,591)	93,567
Issuance of 4,340 units (2020: 3,860 units)						
- Capital value (at net asset value per unit at the beginning of the period)	503	-	503	367	-	367
- Element of loss	(3)	-	(3)	28	-	28
Total proceeds on issuance of units	500	-	500	395	-	395
Redemption of 18,026 units (2020: 56,951 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(2,088)	-	(2,088)	(5,427)	-	(5,427)
- Element of income	23	-	23	(517)	-	(517)
Total payments on redemption of unit:	(2,065)	-	(2,065)	(5,944)	-	(5,944)
				-	-	-
Total comprehensive income / loss for the period	-	(4,543)	(4,543)	-	7,426	7,426
	-	(4,543)	(4,543)	-	7,426	7,426
Net assets at end of the period	53,435	(6,023)	47,411	94,609	835	95,444
Undistributed income brought forward						
- Realised		(7,473)			(7,473)	
- Unrealised		882			882	
		(6,591)			(6,591)	
Accounting Income / Loss available for distribution		(4,543)			7,426	
Accumulated loss carried forward		(15,677)			7,746	
Accumulated loss carried forward						
- Realised		(10,793)			535	
- Unrealised		(4,885)			7,211	
		(15,677)			7,746	
Net assets value per unit at beginning of the period			(Rupees)			(Rupees)
			115.8209			95.3020
Net assets value per unit at end of the period			105.7334			102.7738

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)
For the three months ended September 30, 2021

	For the three months ended					
	September			September		
	2021			2020		
	Conservative Allocation Plan			Conservative Allocation Plan		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the period	49,849	1,068	50,917	5,669	1,023	6,692
Issuance of 51 units (2020: 209,350 units)						
- Capital value (at net asset value per unit at the beginning of the period)	6	-	6	24,064	-	24,064
- Element of loss	0	-	0	(1,059)	-	(1,059)
Total proceeds on issuance of units	6	-	6	23,005	-	23,005
Redemption of 95 units (2020: 244,456 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(11)	-	(11)	(28,100)	-	(28,100)
- Element of income	(0)	-	(0)	1,156	-	1,156
Total payments on redemption of uni	(11)	-	(11)	(26,944)	-	(26,944)
Total comprehensive income for the period	-	44	44	-	147	44
	-	44	44	-	147	44
Net assets at end of the period	49,844	1,112	50,955	1,731	1,170	2,901
Undistributed income brought forw:						
- Realised		873			873	
- Unrealised		150			150	
		1,023			1,023	
Accounting income / (loss) available for distribution		44			147	
Distribution during the period		-			-	
Accumulated gain carried forward		1,067			1,170	
Accumulated gain carried forward						
- Realised		1,014			1,163	
- Unrealised		53			7	
		1,067			1,170	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			114.9507			109.3637
Net assets value per unit at end of the period			115.0506			111.2044

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the three months ended September 30, 2021

Note	Three months ended September 30, 2021			Three months ended September 30, 2020			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----			
Cash flows from operating activities							
Net loss for the period before taxation	(4,543)	44	(4,499)	7,426	147	5,455	13,029
Adjustments for non-cash items							
Mark-up on deposits with bank	(11)	(7)	(18)	(4)	(13)	(4,758)	(4,775)
Capital (gain) / loss on sale of investment - net	22	(3)	19	(483)	(147)	(2,853)	(3,483)
Unrealised diminution on re-measurement of investments investments at 'fair value through profit or loss - held-for-trading' - net	4,885	(53)	4,831	(7,211)	(7)	-	(7,218)
Amortisation of preliminary expenses and flotation costs				-	-	-	-
	353	(20)	333	(272)	(20)	(2,156)	(2,447)
(Increase) / decrease in assets							
Investments	1,594	41	1,635	6,174	3,902	30,291	40,367
Preliminary expenses and flotation costs	4	0	4	5	-	160	165
Other receivables	3	3	6	-	-	41	41
	1,601	44	1,645	6,179	3,902	30,492	40,573
Increase / (decrease) in liabilities							
Payable to the Management Company	(0)	1	1	3	190	25	217
Payable to the Trustee	0	1	1	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan	(13)	3	(10)	(17)	(2)	(66)	(85)
Accrued expenses and other liabilities	(496)	(45)	(541)	(429)	(18)	(1,687)	(2,133)
Dividend Payable	26	-	26	(66)	-	(574)	(640)
	(483)	(39)	(523)	(509)	170	(2,301)	(2,641)
	1,470	(15)	1,455	5,398	4,052	26,035	35,485
Profit received on bank deposits	13	12	1,759	5	12	4,935	4,953
Net cash (used in) / generated from operating activities	1,483	(3)	3,214	5,403	4,063	30,970	40,438
Cash flows from financing activities							
Amount received / receivable on issue of units	500	6	506	395	23,005	2,309	25,710
Amount paid / payable on redemption of units	(2,065)	(11)	(2,076)	(5,943)	(27,043)	(2,764)	(35,750)
Dividend paid	-	-	-	-	-	(2,641)	(2,641)
Net cash generated from / (used in) financing activities	(1,565)	(5)	(1,570)	(5,548)	(4,038)	(3,096)	(12,681)
Net (decrease) / increase in cash and cash equivalents	(82)	(8)	1,644	(145)	25	27,874	27,757
Cash and cash equivalents at the beginning of the period	789	584	1,373	454	230	326,728	327,412
Cash and cash equivalents at the end of the period	4 706	576	3,014	309	255	354,602	355,167

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund

Notes to the Condensed Interim Financial Information (Unaudited)

For the three months ended September 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the investor. The investment policy for each of the Plan including the newly launched Fund "Islamic Capital Preservation Plan" (launched on 2nd October, 2018) are as follows;

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed. true and fair view of the state of the Fund's affairs as at December 31, 2017.

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

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

3.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year, ended June 30, 2021.

3.2 USE OF ESTIMATES AND JUDGEMENTS

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2021.

3.3 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2021.

4. BANK BALANCES

	Note	September 30, 2021 (Un-Audited)			June 30, 2021 (Audited)		
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
		(Rupees in '000)			(Rupees in '000)		
Savings accounts	4.1	706	576	1,282	789	584	1,373

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts range between 4% to 6% (June 2020 : 6% to 13.25%) per annum.

5. INVESTMENTS

	Note	September 30, 2021 (Un-Audited)			June 30, 2021 (Audited)		
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Total
		(Rupees in '000)			(Rupees in '000)		
Units of mutual funds	5.1	47,029	50,940	97,969	53,530	50,925	104,455

Investments by category

At fair value through profit or loss - held-for-trading

5.1 Units of mutual funds

Name of Investee Funds	As at July 1, 2021	Purchases during the period	Redemptions during the period	As at September 30, 2021	Total carrying value as at September 30, 2021	Total market value as at September 30, 2021	Appreciation/ (diminution) as at September 30, 2021	Market value as a percentage of net assets	Market value as a percentage of total value of Investment
----- Number of units -----									
Active Allocation Plan									
HBL Islamic Equity Fund	408,139	3,074	15,065	396,148	38,986	36,391	(2,595)	76.76	77.38
HBL Islamic Income Fund	104,617	393	3,825	101,185	10,226	10,638	412	22.44	22.62
	512,756	3,467	18,890	497,333	49,213	47,029	(2,184)	99.20	100.00
Conservative Allocation Plan									
HBL Islamic Equity Fund	95,424	3,118	-	98,542	10,347	9,052	(1,295)	17.77	17.77
HBL Islamic Income Fund	401,954	-	3,529	398,425	40,540	41,888	1,348	82.20	82.23
	497,378	3,118	3,529	496,967	50,887	50,940	53	99.97	100.00
Total as at September 30, 2021	1,010,134	6,585	22,419	994,300	100,100	97,969	(2,130)		

6. PAYABLE TO THE MANAGEMENT COMPANY

	Note	September 30, 2021 (Un-Audited)			June 30, 2021 (Audited)			Total
		Active	Conservative	Total	Active	Conservative	Capital	
		Allocation Plan	Allocation Plan		Allocation Plan	Allocation Plan	Preservation Plan	
Formation cost		0	-	0	-	-	1,860	1,860
Management fee	6.1	0	0	4	1	1		2
Sindh Sales Tax on Management Company's remuneration	6.2	-	0	0	-	-		-
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	8	8	19	8	6		14
Sales load payable		13	358	371	13	358		371
		22	366	395	22	365	1,860	2,247

- 6.1** As per the offering document of the fund, the Management Company shall charge a fee at the rate of 1% of the average annual net assets on daily basis of the plans. However, no management fee is charged on that part of the net assets which have been invested in mutual funds managed by the Management Company. The fee is payable monthly in arrears. Management fee is also subject to Sindh Sales Tax on Services at applicable rates.
- 6.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the services provided by the Management Company as required by Sindh Sales Tax on Services Act, 2011.
- 6.3** As per Regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS, maximum upto 0.1 percent of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged aforementioned expenses to the extent of 0.1 percent of the average annual net assets, being lower amount, to the Fund during the period.

7. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	September 30, 2021 (Un-Audited)				June 30, 2021 (Audited)			
		Active	Conservative	Capital	Total	Active	Conservative	Capital	Total
		Allocation Plan	Allocation Plan	Preservation Plan		Allocation Plan	Allocation Plan	Preservation Plan	
Withholding tax		4	1	255	260	4	1	2	7
Provision for Sindh Workers' Welfare Fund	7.1	-	-	1,170	3,118	541	49	1,170	1,760
Shariah advisory fee		72	1	13	86	62	2	8	72
Printing		0	4	24	34	-	4	13	17
Auditors' remuneration		257	21	202	502	188	16	-	204
Other payables		41	185	2	733	75	185	213	473
		374	212	1,665	4,648	870	257	1,406	2,533

7.1 Sindh 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.

During the current year, 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. Subsequently, MUFAP approached SECP and obtained the clarification with respect to this matter as well.

On August 13, 2021 the Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 0.54 million and 0.5 million in Active Allocation Plan and Conservative Allocation Plan for the period from July 1, 2014 till August 12, 2021.

8. TAXATION

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

9. TRANSACTIONS WITH CONNECTED PERSONS

The Fund is an open ended shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund has three different plans namely Conservative Allocation Plan, Active Allocation Plan and Strategic Allocation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Capital Preservation Plan were offered from July 19, 2018 to October 01, 2018. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

9.1 Transactions during the period

	For the three month ended - September 2021			For the three months ended - September 2020			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total
	(Rupees in '000)			(Rupees in '000)			
HBL Asset Management Limited - Management Company							
Remuneration of the Management Company	1	0	1	-	6	854	860
Sindh Sales Tax on remuneration of the Management Company	0	0	0	-	1	111	112
Allocation of expenses related to registrar services, accounting, operation and valuation services	26	26	52	50	3	178	231
Habib Bank Limited - Sponsor							
Mark-up on deposits with bank	11	7	18	2	12	4,719	4,733
Bank Charges	5	4	9	2	4	1	7
MCB Financial Services Limited - Trustee							
Remuneration of the Trustee	13	13	26	25	1	91	117
Collective investment scheme managed by Management Company							
HBL Islamic Income Fund							
Purchase of 393 units (2020: Nil units)	40	-	40	-	-	-	-
Purchase of Nil units (2020: 59,200 units)	-	-	-	-	6,036	-	6,036
Redemption of 3,825 units (2020: 30,162 units)	390	-	390	3,087	-	-	3,087
Redemption of 3,529 units (2020: 88,752 units)	-	362	362	-	9,043	-	9,043
HBL Islamic Equity Fund							
Purchase of 3,074 units (2020: nil units)	316	-	316	-	-	-	-
Purchase of 3,118 units (2020: 16,904 units)	-	321	321	-	1,477	-	1,477
Redemption of 15,065 units (2020: Nil units)	1,560	-	1,560	-	-	-	-
Redemption of Nil units (2020: 27,867 units)	-	-	-	-	2,371	-	2,371

9.2 Balances outstanding as at period / year end

	Three Months ended September 30, 2021 (note 1.1)			June 30, 2021			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total
	(Rupees in '000)						
HBL Asset Management Limited - Management Company							
Management fee	0	0	4	1	1	-	2
Sindh Sales Tax on Management Company's remuneration	-	0	0	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	8	8	19	8	6	-	14
Sales load payable	13	358	371	13	358	-	371
Formation cost	0	-	0	-	-	1,860	1,860
Units held 183,374 units (June 30, 2021: 183,374 units)	19,389	-	19,389	21,079	-	-	21,079
Units held 435,071 units (June 30, 2021: 435,071 units)	-	50,055	50,055	-	50,390	-	50,390
Habib Bank Limited - Sponsor							
Mark-up receivable on deposits with bank	3	2	1,726	5	7	1,607	1,619
Balance in savings account	693	553	327,524	776	560	1,687	3,023
MCB Financial Services Limited - Trustee							
Remuneration payable to the Trustee	4	4	8	4	3	-	7
HBL ASSET MANAGEMENT LTD EMPLOYEES PROVIDENT FUND ASSOCIATE							
Units held 12,039 units (June 30, 2021: Nil units)	1,273	-	1,273	-	-	-	-
MALIK HABIB UR REHMAN AWAN - Connected Person due to 10% holding							
Units held 71,712 units (June 30, 2021: 71,172 units)	7,582	-	7,582	8,243	-	-	8,243
	September 30, 2021			June 30, 2021			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Capital Preservation Plan	Total
	(Rupees in '000)						
HBL Islamic Income Fund (Formerly PICIC Islamic Income) Fund - CIS managed by Management Company							
Units held 101,185 units (June 30, 2021: 104,617 units)	10,638	-	10,638	10,645	-	-	10,645
Units held 398,425 units (June 30, 2021: 401,954 units)	-	41,888	41,888	-	40,899	-	40,899
HBL Islamic Equity Fund - CIS managed by Management Company							
Units held 396,148 units (June 30, 2021: 408,139 units)	36,391	-	36,391	42,885	-	-	42,885
Units held 98,542 units (June 30, 2021: 95,424 units)	-	9,052	9,052	-	10,026	-	10,026

Units as at Sep 30, 2021 are calculated on the basis of latest announced NAV i.e September 30, 2021.

10. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. units of mutual funds are based on the quoted NAVs at the close of the reporting date. The quoted market price used for financial assets held by the Fund is current bid price.

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

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

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

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

September 30, 2021 (Un-Audited)								
Active Allocation Plan								
Carrying amount				Fair Value				
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
Note ----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Units of mutual funds	47,029	-	-	47,029	47,029	-	-	47,029
	47,029	-	-	47,029	47,029	-	-	47,029
Financial assets not measured at fair value 10.1								
Bank balances	-	706	-	706				
Accrued mark-up	-	3	-	3				
Other receivables	-	89	-	89				
	-	798	-	798				
Financial liabilities not measured at fair value 10.1								
Payable to the Management Company	-	-	22	22				
Payable to the Trustee	-	-	4	4				
Accrued expenses and other liabilities	-	-	370	370				
Unit Holders' Fund	-	-	47,411	47,411				
	-	-	47,806	47,806				

June 30, 2021 (Audited)									
Active Allocation Plan									
Carrying amount				Fair Value					
Fair value through profit and loss - held-	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total		
Note				(Rupees in '000)					
On-balance sheet financial instruments									
Financial assets measured at fair value									
Units of mutual funds	5	53,530	-	-	53,530	53,530	-	-	53,530
		53,530	-	-	53,530	53,530	-	-	53,530
Financial assets not measured at fair value 10.1									
Bank balances	-	789	-	789					
Accrued mark-up	-	5	-	5					
Receivable against sale of units	-	-	-	-					
	-	794	-	794					
Financial liabilities not measured at fair val 10.1									
Payable to the Management Company	-	-	22	22					
Payable to the Trustee	-	-	4	4					
Accrued expenses and other liabilities	-	-	325	325					
Dividend payable	-	-	-	-					
Payable against redemption of units	-	-	-	-					
Unit Holders' Fund	-	-	53,520	53,520					
	-	-	53,871	53,871					
September 30, 2021 (Un-Audited)									
Conservative Allocation Plan									
Carrying amount				Fair Value					
Fair value through profit and loss - held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total		
Note				(Rupees in '000)					
On-balance sheet financial instruments									
Financial assets measured at fair value									
Units of mutual funds	50,940	-	-	50,940	50,940	-	-	50,940	
	50,940	-	-	50,940	50,940	-	-	50,940	
Financial assets not measured at fair value 10.1									
Bank balances	-	576	-	576					
Accrued mark-up	-	2	-	2					
Receivable against sale of units	-	-	-	-					
Other receivables	-	15	-	15					
	-	593	-	593					
Financial liabilities not measured at fair value 10.1									
Payable to the Management Company	-	-	366	366					
Payable to the Trustee	-	-	4	4					
Accrued expenses and other liabilities	-	-	211	211					
Unit Holders' Fund	-	-	50,955	50,955					
	-	-	51,537	51,537					

		June 30, 2021 (Audited)							
		Conservative Allocation Plan				Fair Value			
		Carrying amount			Total	Level 1	Level 2	Level 3	Total
		Fair value through profit and loss - held-	Loans and receivables	Other financial assets / liabilities					
Note		(Rupees in '000)							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Units of mutual funds	5	50,925	-	-	50,925	50,925	-	-	50,925
		50,925	-	-	50,925	50,925	-	-	50,925
Financial assets not measured at fair value 10.1									
Bank balances		-	584	-	584				
Accrued mark-up		-	7	-	7				
Receivable against sale of units		-	-	-	-				
		-	591	-	591				
Financial liabilities not measured at fair value 10.1									
Payable to the Management Company		-	-	365	365				
Payable to the Trustee		-	-	3	3				
Accrued expenses and other liabilities		-	-	207	207				
Payable against redemption of units		-	-	-	-				
Unit Holders' Fund		-	-	50,917	50,917				
		-	-	51,492	51,492				

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

10.2 Transfers during the period

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

11. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio for the three months ended September 30, 2021 is 0.38% and 0.13% (YTD) (September 30, 2020: 0.28% and 0.35%) which includes 0.01% and 0.00% (September 30, 2020: 0.17% and 0.08%) representing government levy and SECP fee of the Active Allocation Plan, Conservative Allocation Plan and Capital Preservation Plan respectively.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on October 28, 2021 by the Board of Directors of the Management Company.

13. GENERAL

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

13.2 Corresponding figures have been arranged and reclassified, wherever necessary, for the purpose of comparison and more appropriate presentation, the effect of which is not material.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2021 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

HBL Islamic Dedicated Equity Fund

FUND INFORMATION

Name of Fund	HBL Islamic Dedicated Equity Fund
Name of Auditor	Yousuf Adil & Co., Chartered Accountants
Name of Trustee	MCB Financial Services Limited (MCBFSL)
Name of Shariah Advisor	Al Hilal Shariah Advisors (Pvt.) Limited
Bankers	Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Allied Bank Limited

HBL Islamic Dedicated Equity Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at September 30, 2021

	September 30, 2021 (Un-audited)	June 30, 2021 (Audited)
Note	(Rupees in '000)	
Assets		
Bank balances	4	1,213
Investments	5	-
Dividend and profit receivable	2	19
Preliminary expenses and floatation costs	611	610
Receivable against sale of investments	-	-
Advances and deposits	5,480	5,422
Total assets	7,305	7,506
Liabilities		
Payable to Management Company	6	6,195
Payable to the Trustee	30	78
Payable to the Securities and Exchange Commission of Pakistan	7	3
Accrued expenses and other liabilities	8	1,230
Total liabilities	7,305	7,506
Net assets	-	-
Unit holders' fund (as per statement attached)	-	-
Contingencies and commitments	9	
	(Number of units)	
Number of units in issue	-	-
	(Rupees)	
Net assets value per unit	-	-

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund
Condensed Interim Income Statement and Other Comprehensive Income (Un-Audited)
For the three months ended September 30, 2021

	Quarter September 2021	2020
Note	(Rupees in '000')	
INCOME		
Capital (loss) / gain on sale of investments - net	-	3,099
Dividend income	-	19
Profit from bank deposits	-	29
Unrealize (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	-	-
	-	3,147
EXPENSES		
Remuneration to the Management Company	-	85
Remuneration to the Trustee	-	64
Annual fee to Securities and Exchange Commission of Pakistan	-	1
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	6
Amortisation of preliminary expenses and floatation costs	-	50
Auditors' remuneration	-	63
Fees and subscription	-	-
Securities transaction and bank charges	-	68
Haram income	-	1
Expense to Shariah Advisory Services	-	35
Other	-	(136)
	-	236
Net loss from operating activities	-	2,911
Element of income and capital gains included in prices of units	-	-
	-	-
Provision for Workers' Welfare Fund	8.1	(58)
Net loss for the period before taxation	-	2,853
Taxation	10	-
Net loss for the period after taxation	-	2,853
Allocation of net loss for the period:		
Income already paid on redemption of units	-	2,853
Accounting income available for distribution:		
-Relating to capital gains	-	-
-Excluding capital gains	-	-
	-	-
Net loss for the period after taxation	-	2,853
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	-	2,853

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund
Condensed Interim Statement of Movement in Unit Holders' Fund
For the three months ended September 30, 2021

	2021			2020		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
-----Rupees in '000'-----						
Net assets at beginning of the period	-	-	-	119,577	(92,140)	27,437
Issuance of Nil units (2020: Nil units)						
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	-
- Element of loss	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-
Redemption of 313,411 units (2020: 313,411 units)						
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	(27,437)	-	(27,437)
- Amount relating to element of loss	-	-	-	(2,853)	-	(2,853)
Relating to net loss for the year after taxation	-	-	-	-	-	-
Total payments on redemption of units	-	-	-	(30,290)	-	(30,290)
Total comprehensive income for the year	-	-	-	-	2,853	2,853
Distribution for the year	-	-	-	-	-	-
Total comprehensive income for the year less distribution	-	-	-	-	2,853	2,853
Net assets at end of the year	-	-	-	89,287	(89,287)	0
Undistributed income brought forward						
- Realised		-			(92,924)	
- Unrealised		-			784	
		-			(92,140)	
Element of income and capital gains included in prices of units issued less those in units redeemed		-			-	
Accounting (loss) / income for the year		-			2,853	
Distribution during the year		-			-	
Undistributed income carried forward		-			(89,287)	
Undistributed income carried forward						
- Realised		-			(89,287)	
- Unrealised		-			-	
		-			(89,287)	
Net assets value per unit at beginning of the year			-			87.5443
Net assets value per unit at end of the year			-			-

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund
Condensed Interim Cash Flow Statement (Unaudited)
For the three months ended September 30, 2021

	Three Months ended	
	September 30,	
	2021	2020
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the period	-	2,853
Adjustments		
Capital (gain) / Loss during the period	-	(3,099)
Dividend Income	-	(19)
Profit on bank deposits	-	(29)
Unrealised diminution on re-measurement of investments classified at fair value through profit or loss	-	-
	-	(294)
(Increase) / decrease in assets		
Investments - net	-	25,347
Dividend receivable and accrued mark-up	17	694
Preliminary expenses and floatation costs	(1)	50
Receivable against sale of equity instruments	-	1,607
Advances, deposits, prepayments and other receivables	(58)	(125)
	(42)	27,573
Increase / (decrease) in liabilities		
Payable to Management Company	(0)	4,756
Payable to Trustee	(48)	(8)
Payable to Securities and Exchange Commission of Pakistan	(3)	(28)
Payable against conversion and redemption of units	-	-
Accrued expenses and other liabilities	(149)	(1,654)
	(201)	3,066
Net cash (used in) from operating activities	(242)	30,372
CASH FLOW FROM FINANCING ACTIVITIES		
Amount received on issue of units	-	-
Payment against redemption of units	-	(30,291)
Net cash generated from financing activities	-	(30,291)
Net decrease in cash and cash equivalents	(242)	53
Cash and cash equivalents at beginning of the period	1,454	543
Cash and cash equivalents at end of the period	1,213	597

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Dedicated Equity Fund

Notes to the Condensed Interim Financial Information (Unaudited)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2 BASIS OF PREPARATION

Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2021.

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

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2021. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in this condensed interim financial information for the period ended September 30, 2021.

		September 30, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 Audited
	Note		
4 BANK BALANCES			
PLS deposit accounts under mark-up arrangements	4.1	1,213	1,454
		<u>1,213</u>	<u>1,454</u>

4.1 Mark-up rates on these accounts range between 5.0% to 7.0% p.a (June 30, 2021: 5.0% - 7.4% p.a).

		September 30, 2021 (Un-Audited) (Rupees in '000)	June 30, 2021 Audited
	Note		
5 INVESTMENTS			
Financial assets 'at fair value through profit or loss' held for trading			
- Listed equity securities	5.1	-	-
		<u>-</u>	<u>-</u>

8.1 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Workers' Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2021.

The Fund as a matter of abundant caution, recognized provision for SWWF amounting to 0.702 million as at September 30, 2021 in this condensed interim financial information.

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2021.

10 TAXATION

The income of the Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders in cash. The Fund has not recorded a tax liability in respect of income relating to the current period as the Management Company intends to distribute more than 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of net accounting income other than capital gains/loss to unit holders. The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

11 EARNINGS PER UNIT

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

12 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Fund for the three months ended September 30, 2021 is Nil .

13 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

13.1	Transactions during the period	Three Months ended	
		September 30,	
		2021	2020
		(Rupees in '000)	
HBL Asset Management Limited - Management Company			
	Management Fee	-	85
	Allocation of expenses related to registrar services, accounting, operation and valuation services	-	6
	Selling & Marketing Expense	-	(186)
Central Depository Company of Pakistan Limited - Trustee			
	Trustee remuneration	-	64
MCBFSL HBL IFPF Islamic Capital Preservation Plan			
	Issuance of Nil units (2020: Nil Units)	-	-
	Redemption of Nil units (2020: 313,411 Units)	-	30,290
13.2	Balances outstanding as at period end	September 30,	June 30,
		2021	2021
		(Un-Audited)	(Audited)
		(Rupees in '000)	
HBL Asset Management Limited - Management Company			
	Management fee	169	169
	Sindh Sales Tax	22	22
	Selling & Marketing Expense	-	5,988
	Allocation of expenses related to registrar services, accounting, operation and valuation services	16	16
MCB Financial Services Limited - Trustee			
	Remuneration payable	30	78

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

IFRS 13, 'Fair Value Measurements: Disclosures' 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		September 30, 2021						
		Carrying amount			Fair Value			
Note	Fair value through profit or loss - held for trading	At amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
				-				
	-	1,213	-	1,213	-	-	-	-
	-	-	-	-	-	-	-	-
	-	2	-	2	-	-	-	-
	-	5,480	-	5,480	-	-	-	-
	-	6,695	-	6,695	-	-	-	-
Financial liabilities not measured at fair value								
	-	-	6,195	6,195	-	-	-	-
	-	-	30	30	-	-	-	-
	-	-	378	378	-	-	-	-
	-	-	6,603	6,603	-	-	-	-

	June 30, 2021							
	Carrying amount			Total	Fair Value			Total
	Fair value through profit or loss - held-for-trading	At amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Bank balances	-	1,454	-	1,454	-	-	-	-
Receivable against sale of investment	-	-	-	-	-	-	-	-
Advances and deposits	-	2,600	-	2,600	-	-	-	-
Dividend and profit receivable	-	19	-	19	-	-	-	-
	-	4,073	-	4,073	-	-	-	-
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	6,195	6,195	-	-	-	-
Payable to Trustee	-	-	78	78	-	-	-	-
Accrued expenses and other liabilities	-	-	528	528	-	-	-	-
	-	-	6,801	6,801	-	-	-	-

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on October 28, 2021.

16 CORRESPONDING FIGURES

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

17 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the period ended September 30, 2021 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

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

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

Chief Financial Officer

Chief Executive Officer

Director



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HBL

ASSET MANAGEMENT LTD.

ایس ایٹ مینجمنٹ لمیٹڈ

Head Office Karachi:

7th Floor, Emerald Tower, Clifton,
Karachi.
UAN:111 HBL AMC (111-425-262)
Fax: 021-35168455
info@hblasasset.com

Lahore:

102-103, Upper Mall, Lahore
Tel: 042-36281600
042-36281640-3
042-36281610
Fax: 042-36281686

Islamabad:

HBL Corporate Center,
HBL building, Jinnah Avenue,
Islamabad
Tel: 051-2821183
Fax: 051-2822206