

HBL

ASSET MANAGEMENT LTD.
ايسيت ميجمنٹ لميٹڈ

AMC Rating : AM2++ by JCR-VIS

HALF YEARLY REPORT 2021

For the half year ended December 31, 2021

MOVING TOWARDS
EXCELLENCE

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited

Board of Directors (Composition as of February 11, 2022)

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Directors	Mr. Mir Adil Rashid	(Chief Executive Officer)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Shabbir Hussain Hashmi	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Tariq Masaud	(Non-Executive Director)
	Mr. Abrar Ahmed Mir	(Non-Executive Director)
	Mr. Abid Sattar ¹	(Independent Director)

1 Appointment subject to SECP approval.

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 & Remuneration 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. Tariq Masaud	(Non-Executive Director)
	Mr. Mir Adil Rashid	(Chief Executive Officer)

Technology Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM2++ (Positive Outlook)

Legal Advisor

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

Website

www.hblasst.com

Head Office & Registered Office

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

REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 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 December 31, 2021.

ECONOMIC REVIEW

The Government adopted a pro-growth budget for FY22, whereby it projected GDP growth rate of 4.8% on the back of higher PSDP expenditure and incentives given to agriculture and industrial sectors. So far, the revival of domestic economic activities has remained on track; however, there are risks to economic growth in the form of rapid increase in Current Account (CA) Deficit and inflationary pressures on account of elevated international commodity prices.

The CA Deficit for Dec-21 clocked in at USD 1.93bn, taking 1HFY22 CAD to USD 9.09bn (-5.7% of GDP), compared to a Surplus of 1.25bn (0.9% of GDP) during the same period last year (SPLY). This was primarily driven by a higher trade deficit as the growth in imports (up 54%) outstripped the growth in exports (up 27%) due to increase in international commodity prices, higher machinery imports under TERF, and increase in import of food items and COVID-19 vaccines. The higher trade deficit was partially offset by increase in remittances, which amounted to USD 15.8bn (up 11.3%), compared to USD 14.2bn during the SPLY. In order to curtail the rapid increase in CAD, the Government has taken several measures, such as imposition of 100% cash margin requirement on import of certain items, and increasing regulatory duties on import of luxury items, among others.

CPI for Dec-21 clocked in at 12.28%, taking 1HFY22 average CPI to 9.81%, compared to 8.63% 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.

During 5MFY22, FBR's net collection improved by 36.8% YoY to PKR 2,319bn from PKR 1,695bn during the SPLY, whereby net collection exceeded its target by PKR 303bn. Consequently, fiscal deficit was recorded at 1.1% of GDP, compared to 1.7% of GDP during the SPLY, while primary surplus remained flattish at 0.4% of GDP.

The recently introduced contractionary monetary and fiscal measures have resulted in stabilization in several high-frequency demand indicators, whereby LSM growth rate during Nov-21 decelerated to 0.3% YoY taking 5MFY22 LSM growth to 3.26% YoY. This was primarily driven by Wood Products (+200.5%), Automobiles (+34.5%), and Iron and Steel Products (+25.3%).

STOCK MARKET REVIEW

During 1HFY22, the KMI-30 index declined by 4,934 pts or 6.4% to close at 71,687 pts. 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 (10.8% depreciation in 1HFY22), 3) commencement of monetary tightening with SBP's Monetary Policy Committee increasing the Policy Rate by 2.75% to 9.75%, 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 program, and 6) continued foreign selling after Pakistan's reclassification from MSCI Emerging to Frontier Market Index.

Market performance was also dictated by news flow related to prior actions needed to be taken by the Government for resumption of IMF program, where major events included the announcement of Supplementary Finance Bill FY22, and SBP Amendment Act in the National Assembly.

During 1HFY22, average traded volume declined by 52% YoY to 128mn shares, while average traded value declined by 39% YoY to 7.4bn. On the flows side, foreigners were the net sellers during 1HFY22 and sold shares worth USD 250.3mn.

We expect the equity market to regain its positive momentum due to attractive valuations and revival in economic activities. The announcement of Supplementary Finance Bill FY22 and SBP Amendment Act has provided clarity regarding the authorities' intention to curtail the growth in imports, and increase tax collection to provide fiscal space to the Government. We also expect a reversal in international commodity prices, which should provide some relief on the external front. These developments should act as a positive trigger for the market. However, any delay in the resumption of the IMF program may keep the market range-bound in the near-term.

MONEY MARKET REVIEW

In order to support economic recovery post COVID, the Monetary Policy Committee (MPC) kept the Policy Rate unchanged until 19-Sep-21. However, it gradually increased the Policy Rate by 2.75% to 9.75% as it shifted its focus from catalyzing economic recovery toward sustaining it. The MPC noted that the pace of domestic economic recovery had exceeded expectations and, coupled with higher international commodity prices, resulted in CAD increasing rapidly. This created the need to normalize monetary policy faster than initially planned to preserve growth stability.

Accordingly, during 1HFY22, secondary market yields on T-bills increased by an average of ~3.55%, while those on PIBs increased by an average of ~3.19%. The cut-off yields in the last T-Bill auction were 10.59%, 11.45% and 11.51% for 3M, 6M and 12M tenors, respectively. The cut-offs yields in the last PIBs auction were 11.50%, 11.57% and 11.76% for the 3Y, 5Y, and 10Y tenors, respectively.

GoP Ijarah Sukuk auction was held on 9-Dec-21 with a target of PKR 100bn (PKR 25bn Fixed Rental and PKR 75bn Variable Rental Rate) for a period of 5 years. Total participation of PKR 8.1bn and PKR 109.8bn was witnessed for the VRR and FRR Sukuk, respectively. The Ministry of Finance accepted bids worth PKR 68bn (11.40%) in FRR Sukuk and PKR 0.05bn in VRR Sukuk.

The central bank has provided forward guidance, whereby it has stated that the end goal of achieving mildly positive real interest rates on a forward-looking basis is now close to being achieved. Furthermore, the MPC expects monetary policy settings to remain broadly unchanged in the near-term.

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 for FY22 to remain in the range of 4.0-4.5% of GDP, owing to increase in trade deficit due to strong rebound in domestic demand, higher international commodity prices, and resumption of international travel.

On the fiscal side, FBR's Tax Revenue for FY22 is projected to grow by 28% to PKR 6.1tn, while Non-Tax Revenue is projected to grow by 18% to PKR 1.8tn. We expect fiscal deficit to be in the range of 6.5-7.0% of GDP, which we believe should be 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.

On the fixed income front, we expect average inflation for FY22 to be in the range of 10.75%-11.25%. Accordingly, SBP may increase the Policy Rate by another 50-75bps during FY22. However, inflation is expected to taper down from FY23 onwards due to high-base effect and expectation of easing in international commodity prices. Upside risks to our estimate remain in the form of elevated international commodity prices for an extended time. On the Islamic front, we expect Government to issue GoP Ijara Sukuk and other GOP Guaranteed Sukuk in FY22 to bridge the fiscal gap.

Our long-term view on Pakistan equities is positive 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 4.5x compared to regional average of 16.4x, and offers an attractive dividend yield of 8.7%, compared to regional average of 2.4%. Moreover, as a result of the recent decline, the spread between KSE-100 index earnings yield and 10Y PKRV has increased to 10.4%, compared to 5-year historical average spread of 5.5%, which implies further upside of ~29%. We believe Pakistan equities offer a good opportunity for long-term investors.

FUND'S PERFORMANCE

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 355.74 million and Rs. 358.12 million respectively during the period ended December 31, 2021. The Net Asset Value (NAV) of the Fund was Rs. 101.2029 per unit as on December 31, 2021 (after incorporating dividends of Rs. 4.0470 per unit); thereby giving an annualized return of 8.11%. During the same period the benchmark return (3 Month bank deposit rates) was 3.24%. The size of Fund was Rs. 8.74 billion as on December 31, 2021 as compared to Rs. 6.64 billion at the start of the year.

JCR-VIS Credit Rating Company Limited has reaffirmed 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. 58.41 million and Rs. 62.79 million respectively during the period ended December 31, 2021. The Net Asset Value (NAV) of the Fund increased from Rs. 101.7500 per unit as on June 30, 2021 to Rs. 106.9969 per unit as on December 31, 2021, thereby giving an annualized return of 10.23%. During the same period the benchmark return (6 Month bank deposit rates) was 3.13%. The size of Fund was Rs. 1.42 billion as on December 31, 2021 as compared to Rs. 1.02 billion at 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. 86.98 million and Rs. 94.31 million respectively during the period ended December 31, 2021. The Net Asset Value (NAV) of the Fund decrease from Rs. 123.9845 per unit as on June 30, 2021 to Rs. 107.2932 per unit as on December 31, 2021 giving a negative return of 13.46% during the period against the benchmark return (KMI 30 Index) of negative 6.44%. The size of Fund was Rs. 640 million as on December 31, 2021 as compared to Rs. 760 million at the start of the year.

HBL Islamic Equity Fund

The total and net loss of the Fund was Rs. 76.87 million and Rs. 82.53 million respectively during the period ended December 31, 2021. The Net Asset Value (NAV) of the Fund decreased from Rs. 105.0735 per unit as on June 30, 2021 to Rs. 88.0869 per unit as on December 31, 2021 giving a negative return of 16.17% during the period against the benchmark return (KMI 30 Index) of negative 6.44%. The size of Fund was Rs. 280 million as on December 31, 2021 as compared to Rs. 625 million at the start of the year.

HBL Islamic Asset Allocation Fund

The total and net loss of the Fund was Rs. 0.99 million and Rs. 1.00 million respectively during the period ended December 31, 2021. The Net Asset Value (NAV) of the Fund decreased from Rs. 112.9636 per unit as on June 30, 2021 to Rs. 112.6439 per unit as on December 31, 2021, thereby giving a negative return of 0.28% 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 negative 0.45%. The size of Fund was Rs. 370 million as on December 31, 2021 as compared to Rs. 388 million at the start of the year.

HBL Islamic Asset Allocation Fund – Pan-1

The total and net income of the Fund was Rs. 91.11 million and Rs. 89.85 million respectively during the period ended December 31, 2021. The Net Asset Value (NAV) of the Fund was Rs. 103.9929 per unit as on December 31, 2021, giving a return of 3.57% during the period against the benchmark return of 1.09%. The size of Fund was Rs. 2.61 billion as on December 31, 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. 6.01 million and Rs. 6.03 million respectively during the period under review. The fund size of the fund stood at Rs. 28 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. 6.33 million and Rs. 6.21 million respectively. The net assets of the Active allocation plan stood at Rs. 27 million representing Net Asset Value (NAV) of Rs. 102.3791 per unit as at December 31, 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 11.61% for the period under review against its benchmark return of negative 4.21%.

Conservative Allocation Plan

During the period under review, the Conservative allocation plan earned total and net income of Rs. 0.32 million and Rs. 0.17 million respectively. The net assets of the Conservative allocation plan stood at Rs. 1.13 million representing Net Asset Value (NAV) of Rs. 117.2389 per unit as at December 31, 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 1.99% for the period under review against its benchmark return of 0.07%.

HBL Islamic Dedicated Equity Fund

During the period under review, the Islamic Dedicated Equity Fund remained inactive for the tenure and its fund size stands nil as all units were redeemed by Fund of Fund Plans managed by the Company as disclosed in note 1.7 to the financial statements of the Fund.

MANAGEMENT COMPANY RATING

The VIS Credit Rating Company Limited (VIS) has maintained the management quality rating of 'AM2++' (AM Two Plus Plus) to the Management Company and the outlook on the assigned rating has been revised from 'Stable' to 'Positive'.

Acknowledgement

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

اقتصادی ترقی کے ڈائریکٹری رپورٹ

ایچ بی ایل ایسٹ مینجمنٹ لیمنڈ کے بورڈ آف ڈائریکٹرز بمسرت 31 دسمبر 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 ایکویٹی فنڈ، ایچ بی ایل اسلامک ایکویٹی فنڈ، ایچ بی ایل اسلامک پلاننگ فنڈ اور ایچ بی ایل اسلامک ڈیٹا ایکویٹی فنڈ (دی فنڈز) کے مالیاتی حسابات پیش کر رہے ہیں۔

اقتصادی جائزہ

حکومت نے مالیاتی سال 22 کے لیے ایک پروگنوزہ جٹ رائج کیا ہے جس کے ذریعے یہ توقع ہے کہ بلند ترقی پسند پی ڈی اے خراجات اور زرعی و صنعتی سیکٹرز کو دی جانے والی مراعاتوں کے پیش نظر 4.8% کی جی ڈی پی گروتھ حاصل ہوگی۔ اب تک مقامی اقتصادی سرگرمیوں کی بحالی ٹریک پر جارہی ہے تاہم کرنٹ اکاؤنٹ (سی اے) خسارے میں تیزی سے اضافے اور متعلقہ بین الاقوامی اشیائے صرف کے اکاؤنٹ پر افراط زر کے دباؤ کی صورت میں اقتصادی گروتھ کے لیے خطرات موجود ہیں۔

دسمبر 21 کے لیے کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) 1.93 ارب یو ایس ڈالر تک پہنچ گیا، جو مالی سال 22 کی پہلی ششماہی میں سی اے ڈی کو 9.09 ارب ڈالر (جی ڈی پی کا 5.7% -) تک لے گیا، جبکہ یہ گزشتہ برس کی اسی مدت کے دوران مقابلاً 1.25 ارب (جی ڈی پی کا 0.9%) سرپلس رہا تھا، یہ بنیادی طور پر بلند ترقی پسند تجارتی خسارے کے باعث ہوا جیسا کہ درآمد شدہ ایشیا میں گروتھ (54% زائد رہی اور برآمدی ایشیا میں گروتھ کا حجم محض (27% زائد) رہا جس کی وجہ ایشیا سے صرف کے بین الاقوامی نرخوں میں اضافہ، ٹی ای آر ایف کے تحت مشینری کی بلند تر درآمدات اور فوڈ آئٹمز اور کوئلے۔ 19 ویکسینز کی درآمد میں اضافہ تھا۔ زرتریا میں اضافے کے ذریعے بلند ترقی پسند تجارتی خسارے کو جزوی طور پر کم کیا گیا جس کا حجم 15.8 ارب ڈالر (11.3% زائد) تک رہا جو گزشتہ مالی سال کی ششماہی کے دوران 14.2 ارب یو ایس ڈالر رہا تھا۔ سی اے ڈی میں تیز رفتار اضافے میں کمی کی غرض سے حکومت نے متعدد اقدامات کیے جن میں متعدد آئٹمز کی درآمد پر 100% کیش مارجن کی شرائط کا اطلاق اور دھماکے والی سمیت لگژری آئٹمز کی درآمد پر ریگولیٹری ڈیویژن میں اضافہ شامل ہے۔

دسمبر 21 کے لیے سی پی آئی 12.28% تک پہنچ گیا جس سے مالی سال 22 کی پہلی ششماہی میں اوسطاً سی پی آئی 9.81% رہا جو گزشتہ برس کی اسی مدت کے دوران 8.63% رہا تھا۔ سی پی آئی میں اضافہ وسیع طور پر ایشیا سے خوردنوٹ اور ایندھن کے نرخوں میں نمایاں اضافے کے سبب ہوا جو کہ طلب کی جانب دباؤ کے بڑھتے ہوئے رجحان کا نتیجہ ہے جیسا کہ عالمی معیشتیں بھی بحالی کی جانب گامزن رہیں جبکہ سپلائی کی جانب مستقل طور پر کمی کا سامنا رہا۔

مالی سال 22 کے پہلے پانچ ماہ کے دوران ایف بی آر نے خالص وصولیوں کو YoY 36.8% تک بہتر بنا کر 2,319 ارب روپے کی وصولی جو اس کے مقابلے میں گزشتہ برس کی اسی مدت کے دوران 1,695 ارب روپے رہی تھی جس کے ذریعے خالص وصولیاں اپنے ہدف سے 303 ارب روپے تک بڑھ گئیں۔ بعد ازاں مالیاتی خسارہ جی ڈی پی کا 1.1% رہا۔ ریکارڈ کیا گیا جو اس کے مقابلے میں گزشتہ برس کی اسی مدت میں جی ڈی پی کا 1.7% رہا تھا جبکہ پرائمری سرپلس جی ڈی پی کے 0.4% کی سطح پر برقرار رہا۔

حالیہ طور پر متعارف کرائے گئے مختلف مانیٹری اور مالیاتی اقدامات کے نتیجے میں متعدد ہائی فریکوئنسی طلب کے اشاریوں میں استحکام آیا ہے جس کے ذریعے نومبر 21 کے دوران ایل ایس ایم گروتھ کی شرح YoY 0.3% تک کم ہو کر مالی سال 22 کے پانچ ماہ میں ایل ایس ایم گروتھ کو YoY 3.26% تک لے گئی۔ یہ بنیادی طور پر کلیدی کی مصنوعات، (+200.5%)، آٹوموبیل (+34.5%) اور آئرن واسٹیل پروڈکٹس (+25.3%) کے باعث ممکن ہوا۔

اسٹاک مارکیٹ کا جائزہ

مالی سال 22 کی پہلی ششماہی کے دوران کے ایس ای 100 انڈیکس نے 2,760 پوائنٹس یا 5.8% تک کمی کی ظاہر کی اور 44,596 پوائنٹس پر بند ہوا۔ مارکیٹ کے دباؤ میں رہنے کیلئے بنیادی اسباب (1) بڑھتی ہوئی مقامی طلب اور بین الاقوامی اشیائے صرف کے نرخوں 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 ششماہی میں 10.8% تک کی کمی، 3) ایس بی پی کی ایم ایس پی کے ساتھ مانیٹری سختی کے آغاز سمیت پالیسی ریٹ میں 2.75% تک اضافے کے ساتھ 9.75% کرنا، 4) افغانستان میں ہنگامی حالات اور امریکا۔ پاکستان تعلقات میں ممکنہ نئی صورتحال کے تناثر میں متاثر ہونے والی خطے کی جغرافیائی صورتحال کے پیش نظر انتہائی بے یقینی، 5) آئی ایم ایف پروگرام کے حوالے سے بے یقینی کی کیفیت اور 6) فرنیز مارکیٹ انڈیکس کے لیے ایم ایس سی آئی ایمرجنگ سے پاکستان کی ری کلائنگیشن کے بعد مستقل طور پر غیر ملکی فروخت رہے تھے۔

مارکیٹ کی کارکردگی بھی آئی ایم ایف پروگرام کی بحالی کے لیے حکومت کی جانب سے کئے گئے پیٹنگی اقدامات سے متعلق نیوزفلو کے ذریعے متاثر ہوتی رہی، جبکہ مزید نمایاں ایونٹس بشمول ضمنی فنانس بل مالی سال 22 اور قومی اسمبلی میں ایس بی پی ترمیمی ایکٹ کا اعلان بھی کیا گیا۔

مالی سال 22 کی پہلی ششماہی کے دوران تجارت کا اوسط حجم 52% کم ہو کر 128 ملین شیئرز ہو گیا جبکہ تجارت کی اوسط ویلیو 39% تک گر کر 7.4 ارب روپے گئی۔ فلوز کی جانب غیر ملکی مالی سال 22 کی پہلی ششماہی کے دوران بڑے فروخت کنندگان رہے اور انہوں نے 250.3 ملین یو ایس ڈالر کے شیئرز فروخت کیے۔

ہم توقع کرتے ہیں کہ معاشی سرگرمیوں میں بحالی اور پرکشش ویلیو اینڈنگ کے باعث ایکٹیو مارکیٹ میں اس کے مثبت اثرات ظاہر ہوں گے۔ ضمنی بجٹ مالی سال 22 اور ایس بی پی کے ترمیمی ایکٹ کے اعلان سے حکام کی جانب سے درآمدات میں گروتھ کو روکنے کے ارادے اور حکومت کے لیے مالی آپسیں فراہم کرنے کی غرض سے ٹیکس کی وصولیائی میں اضافے سے متعلق صورتحال واضح ہوگی۔ ہم یہ بھی توقع کرتے ہیں بین الاقوامی ایشیائے صرف کے نرخوں میں کمی آئے گی جسے سے بیرونی محاذ پر کچھ بلیف فراہم ہوگا۔ یہ اقدامات مارکیٹ کے ایک مثبت ٹریڈ کے طور پر کام کریں گے۔ تاہم آئی ایم ایف پروگرام میں کوئی بھی تاخیر مستقبل قریب میں مارکیٹ کو پابند رکھ سکتی ہے۔

معی مارکیٹ کا جائزہ

کوویڈ-19 کی واپائی صورتحال کے بعد اقتصادی بحالی میں معاونت کے اقدام کے طور پر مانیٹری پالیسی کمیٹی (ایم پی سی) نے پالیسی ریٹ کو تبدیل کیے بغیر 19 ستمبر 2021 تک ہر مقرر رکھا۔ تاہم اس میں بتدریج اضافہ کرتے ہوئے پالیسی ریٹ کو 2.75% اضافے کے ذریعے 9.75% تک بڑھا گیا جیسا کہ اسے استحکام کی جانب گامزن کرتے ہوئے معاشی بحالی پر توجہ دی گئی تھی۔ ایم پی سی نے نوٹ کیا کہ مقامی اقتصادی بحالی کی رفتار توقعات کے مطابق آگے بڑھ رہی ہے اور اس کے ساتھ بین الاقوامی ایشیائے صرف کے نرخوں میں اضافے کا نتیجہ تیزی سے بڑھتے ہوئے سی ڈی کی صورت میں نکلا۔ اس سے مانیٹری پالیسی کو معمول کے مطابق تیزی سے بہتر بنانے کی ضرورت ہے جیسا کہ شرح نمو کے استحکام کو برقرار رکھنے کے لیے شروع میں پلان کیا گیا تھا۔

اس کے مطابق مالیاتی سال 22 کی پہلی ششماہی کے دوران ٹی بلز پر ثانوی مارکیٹ کی پیداوار 3.55% کی ایک اوسط تک بڑھ گئی جبکہ بی آئی بیز پر اوسطاً 3.19% کا اضافہ ہوا۔ گزشتہ ٹی بل کے نیلام میں گٹ آف منافع جاتین ماہ، چھ ماہ اور بارہ ماہ کی مدتوں کے لیے بالترتیب 10.59%، 11.45% اور 11.51% رہی، گزشتہ بی آئی بیز نیلام میں گٹ آف منافع جات تین سال، پانچ سال اور دس سال کے لیے بالترتیب 11.50%، 11.57% اور 11.76% رہی تھیں۔

حکومت پاکستان کے اجارہ سلوک کا نیلام 9 ستمبر 2021 کو 100 ملین روپے (25 ارب روپے فیکسڈ ریٹیل اور 75 ارب روپے ویری ایبل ریٹیل) کے ساتھ پانچ برس کی مدت کے لیے کیا گیا تھا۔ 8.1 ارب روپے اور 109.8 ارب روپے کی مجموعی زرخراکت بالترتیب وی آر آر اور ایف آر آر سلوک کے لیے دیکھی گئی تھی۔ وزارت خزانہ نے ایف آر آر سلوک میں 68 ارب روپے مالیت (11.40 فیصد) اور وی آر آر سلوک میں 0.05 ارب روپے کی بولیاں قبول کی تھیں۔

مرکزی بینک نے مستقبل کے لیے رہنمائی فراہم کی جس کے ذریعے یہ بیان کیا گیا تھا کہ آگے بڑھنے کی بنیاد پر مناسب حد تک مثبت حقیقی شرح سود حاصل کرنے کا آخری ہدف اپنے حصول کے قریب تر ہے۔ مزید برآں ایم پی سی کو توقع ہے کہ مانیٹری پالیسی کا انتظام مستقبل قریب میں کسی بڑی تبدیلی کے بغیر برقرار رہے گا۔

مستقبل کا جائزہ

آگے بڑھتے ہوئے ہمیں یقین ہے کہ جی ڈی پی گروتھ اقتصادی سرگرمیوں میں تیزی کے رجحان کے باعث خاصی حوصلہ افزا رہے گی۔ سی ڈی میں تیزی سے اضافے کو روکنے کے لیے حالیہ اقدامات بھی مقامی کرنسی پر دباؤ میں کمی کا موجب بنیں گے۔ ہم توقع کرتے ہیں مالی سال 22 کے لیے سی ڈی کی حد جی ڈی پی کے 4.0-4.5% میں رہے گی، کیونکہ مقامی طلب میں دوپارہ سے استحکام آنے، ایشیائے صرف کے بین الاقوامی نرخوں میں اضافے اور عالمی سطح پر سفری سہولتیں بحال ہونے کے باعث تجارتی خسارہ بڑھے گا۔

مالیاتی جانب مالی سال 22 کے لیے ایف بی آر کا ٹیکس ریویو 28% تک بڑھ کر 6.1 کھرب روپے تک پہنچنے کا امکان ہے جبکہ ٹیکس ریویو 18% تک بڑھ کر 1.8 کھرب روپے ہونے کا امکان ظاہر کیا گیا ہے۔ ہمیں امید ہے کہ تجارتی خسارہ جی ڈی پی کا 6.5-7.0% رہے گا، جس پر ہمیں یقین ہے کہ یہ قابل انتظام ہوگا۔ اس امر پر توجہ رہے کہ حکومت کس طرح موزوں اور مناسب اقتصادی ترقی کی شرح حاصل کرنے کے مابین توازن برقرار رکھتی ہے جبکہ بیرونی اور مالیاتی کھاتوں پر بھی نگاہ رکھی جاسکے۔

گنڈا گم کے مجاز پر ہم امید کرتے ہیں کہ مالی سال 22 کے لیے اوسطاً افراط زر کی شرح 11.25%-10.75% رہے گی۔ اس کے مطابق اسٹیٹ بینک آف پاکستان پالیسی ریٹ میں مالی سال 22 کے دوران مزید 50-75bps کا اضافہ کر سکتا ہے۔ تاہم مالی سال 23 کے بعد سے افراط زر کی شرح بتدریج کم ہونے کی توقع ہے جو بلند ترین بنیادی اثرات اور بین الاقوامی اشیائے صرف کے نرخوں میں کمی کی باعث ممکن ہوگا۔ ہمارے تخمینہ جات کے لیے اوپری سطح کے خطرات کسی توسیع شدہ مدت کے لیے بین الاقوامی اشیائے صرف کے موجودہ نرخ برقرار رہنے کی صورت میں موجودہ رہ سکتے ہیں۔ اسلامی فرنٹ پر ہمیں امید ہے کہ حکومت پاکستان مالیاتی خلا کو پر کرنے کے لیے مالی سال 22 میں اجارہ سکوک اور دیگر جی او پی گارنٹیڈ سکوک جاری کرے گی۔

پاکستان انٹیکوٹیٹیڈ پر حکام کی جانب سے بروقت طریقہ کار کے تحت درست اقدامات پر عمل درآمد سے میگرو اکنامک پیش منظر میں بہتری اور کنٹرول پیو اینڈرز کے باعث ہمارا طویل مدتی جائزہ مثبت ہے۔ مارکیٹ اس وقت 4.5x کے بہترین اور موزوں پی ای ٹی پریئر ٹیگ کر رہی ہے جبکہ اس کے مقابلے میں علاقائی اوسط 16.4x ہے، اور 8.7% کے ایک پرکشش منافع منقسم آمدنی کی پیشکش کرتی ہے جبکہ علاقائی اوسط 2.4% ہے۔ مزید برآں حالیہ کی کے نتائج کے طور پر کے ایس ای 100 انڈیکس کی آمدنی کی پیداوار اور برسوں کے PKRV کے درمیان پھیلاؤ 10.4% تک بڑھ گیا ہے، اس کے مقابلے میں پانچ برسوں کا تاریخ اوسط پھیلاؤ 5.5% کا ہے جس کا مطلب 29% کا مزید اپ سائیز ہونا ہے۔ ہم یقین رکھتے ہیں پاکستان انٹیکوٹیٹیڈ طویل مدتی انویسٹرز کے لیے بہترین مواقع کی پیشکش کرتی ہیں۔

ٹڈ کی کارکردگی اور پیکٹس

ایچ بی ایل اسلامک منی مارکیٹ فنڈ
 فنڈ کی مجموعی اور خالص آمدنی 31 دسمبر 2021 کو ختم ہونے والے سال کے دوران بالترتیب 355.74 ملین روپے اور 358.12 ملین روپے رہی۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 31 دسمبر 2021 کے مطابق 101.2029 روپے فی یونٹ تھی (4.0470 روپے فی یونٹ کا منافع منقسم تشکیل دینے کے بعد) جس کے ذریعے 8.11% کا ایک سالانہ منافع دیا جا رہا ہے۔ اس مدت کے دوران ایچ مارک (تین ماہ کا بینک ڈپازٹس ریٹس) منافع 3.24% تھا۔ فنڈ کا حجم 31 دسمبر 2021 کے مطابق 8.74 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) AA+ پر فنڈ اسٹیبلٹی ریٹنگ کی دوبارہ توثیق کی ہے۔

ایچ بی ایل اسلامک انکم فنڈ

فنڈ کی مجموعی اور خالص آمدنی 31 دسمبر 2021 کو ختم ہونے والے سال کے دوران بالترتیب 58.41 ملین روپے اور 62.79 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 31 دسمبر 2021 کے مطابق بڑھ کر 106.9969 روپے فی یونٹ ہو گئی جس کے ذریعے 10.23% کا ایک منافع دیا جا رہا ہے۔ اس مدت کے دوران ایچ مارک (چھ ماہ کا بینک ڈپازٹس ریٹس) منافع 3.13% تھا۔ فنڈ کا حجم 31 دسمبر 2021 کے مطابق 1.42 ارب روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 1.02 ملین روپے رہا تھا۔

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

ایچ بی ایل اسلامک اسٹاک فنڈ

فنڈ کا مجموعی اور خالص خسارہ 31 دسمبر 2021 کو ختم ہونے والی مدت کے دوران بالترتیب 86.98 ملین روپے اور 94.31 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 31 دسمبر 2021 کے مطابق کم ہو کر 107.2932 روپے فی یونٹ ہو گئی، جس کے ذریعے اس مدت کے دوران %13.46 کا ایک منفی منافع دیا جا رہا ہے۔ اس کے برخلاف بیچ مارک (کے ایم آئی 30 انڈیکس) منافع منفی %6.44 تھا۔ فنڈ کا حجم 31 دسمبر 2021 کے مطابق 640 ملین روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 760 ملین روپے رہا تھا۔

ایچ بی ایل اسلامک ایکویٹی فنڈ

فنڈ کا مجموعی اور خالص خسارہ 31 دسمبر 2021 کو ختم ہونے والی مدت کے دوران بالترتیب 76.87 ملین روپے اور 82.53 ملین روپے رہا۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 30 جون 2021 کے مطابق 105.0735 روپے فی یونٹ تھی جو 31 دسمبر 2021 کے مطابق کم ہو کر 88.0869 روپے فی یونٹ ہو گئی، جس کے ذریعے اس مدت کے دوران %16.17 کا ایک منفی منافع دیا جا رہا ہے۔ اس کے برخلاف بیچ مارک (کے ایم آئی 30 انڈیکس) منافع منفی %6.44 تھا۔ فنڈ کا حجم 31 دسمبر 2021 کے مطابق 280 ملین روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 625 ملین روپے رہا تھا۔

ایچ بی ایل اسلامک ایسیٹ ایکٹویشن فنڈ

31 دسمبر 2021 کو ختم ہونے والی مدت کے دوران فنڈ کا مجموعی اور خالص خسارہ بالترتیب 0.99 ملین روپے اور 1.00 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 31 دسمبر 2021 کے مطابق کم ہو کر 112.6439 روپے فی یونٹ ہو گئی، جس کے ذریعے اس مدت کے دوران %0.28 کا ایک منفی منافع بیچ مارک منافع (KMI 30 انڈیکس کا روزانہ اوسطاً حجم شدہ منافع اور اسے ریٹائرڈ ریزروں کو چھ ماہ کے ڈپازٹ ریٹ) منفی %0.45 کے برخلاف دیا گیا۔ فنڈ کا حجم 31 دسمبر 2021 کے مطابق 370 ملین روپے تھا جو اس کے مقابلے میں سال کے آغاز میں 388 ملین روپے رہا تھا۔

ایچ بی ایل اسلامک ایسیٹ ایکٹویشن فنڈ - پلان 1

31 دسمبر 2021 کو ختم ہونے والی مدت کے دوران فنڈ کی مجموعی اور خالص آمدنی بالترتیب 91.11 ملین روپے اور 89.85 ملین روپے رہا۔ فنڈ کی فی یونٹ خالص اثاثہ جات کی مالیت (NAV) 31 دسمبر 2021 کے مطابق 103.9929 روپے فی یونٹ تھی، جس کے ذریعے اس مدت کے دوران %3.57 کا ایک منافع بیچ مارک منافع %1.09 کے برخلاف دیا گیا۔ فنڈ کا حجم 31 دسمبر 2021 کے مطابق 2.61 ملین روپے تھا۔

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ

ایچ بی ایل اسلامک فنانشل پلاننگ فنڈ دو ذیلی فنڈز (پلانز) بنام ایکٹو ایکٹویشن پلان اور کنزرویٹو ایکٹو ایکٹویشن پلان پر مشتمل ہے۔

فنڈ نے مجموعی طور پر زیر جائزہ مدت کے دوران بالترتیب 6.01 ملین روپے اور 6.03 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ فنڈ کا حجم 28 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 ایلوکیشن پلان

زیر جائزہ مدت کے دوران ایکٹو ایلوکیشن پلان نے بالترتیب 6.33 ملین روپے اور 6.21 ملین روپے کا مجموعی اور خالص خسارہ حاصل کیا۔ ایکٹو ایلوکیشن پلان کے خالص اثاثہ جات 47 ملین روپے پر موجود تھے جو 31 دسمبر 2021 کے مطابق 102.3791 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 %11.61 کا منفی منافع اس کے %4.21 کے منفی شیئ مارک منافع کے برخلاف حاصل کیا۔

کنزرویٹو ایلوکیشن پلان

زیر جائزہ مدت کے دوران کنزرویٹو ایلوکیشن پلان نے بالترتیب 0.32 ملین روپے اور 0.17 ملین روپے کی مجموعی اور خالص آمدنی حاصل کی۔ کنزرویٹو ایلوکیشن پلان کے خالص اثاثہ جات 1.13 ملین روپے پر موجود تھے جو 31 دسمبر 2021 کے مطابق 117.2389 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 ملین 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 %1.99 کا منافع اس کے %0.07 کے منفی شیئ مارک منافع کے برخلاف حاصل کیا۔

ایچ بی ایل اسلامک ڈیٹیل کیٹیگریٹو فنڈ

زیر جائزہ مدت کے دوران اسلامک ڈیٹیل کیٹیگریٹو فنڈ اس مدت کے لیے غیر موثر رہا تھا اور اس کے فنڈ کا حجم صفر (nil) پر موجود رہا جیسا کہ تمام پونٹس کا کپنی کی جانب سے زیر انتظام فنڈز کے فنڈ سے انڈاک (ری ڈیم) کرا لیا گیا تھا اور اس کو فنڈ کے مالیاتی حسابات کے نوٹ 1.7 میں واضح کر دیا گیا ہے۔

انتظامی کپنی کی ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (وی آئی ایس) نے انتظامی کپنی کے لیے منجسٹ کو ائی ریٹنگ '+AM2+' (اے ایم ٹوپلس پلس) پر برقرار رکھی ہے اور تقویض کردہ ریٹنگ پر آڈٹ لک کو مستحکم سے "مثبت" پر نظر ثانی کی ہے۔

اعتراف

بورڈ اس موقع پر اپنے معزز یونٹ ہولڈرز کا ان کے مستقل تعاون اور سرپرستی کے لیے شکریہ ادا کرنا چاہتا ہے۔ اس سلسلے میں ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کپنی آف پاکستان اور ڈیٹیل کسٹوڈین کپنی لمیٹڈ بطور ٹرسٹی، دی پاکستان اسٹاک ایکسچینج لمیٹڈ اور اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کردہ تعاون اور رہنمائی پر ان کو خراج تحسین پیش کرتے ہیں۔

بورڈ اپنے اسٹاک کی انتخاب کا دشوار اور خصاصاً نچھوڑا جہد پر ان کو بھی خراج تحسین پیش کرنا چاہتا ہے۔

مخائب بورڈ

ایچ بی ایل ایس منجسٹ لمیٹڈ

چیف ایگزیکٹو آفیسر

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 National Bank of Pakistan Dubai Islamic Bank Limited
Fund Rating	'AA+(f)' (JCR-VIS)

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC MONEY MARKET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 24, 2022





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

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Money Market Fund** ("the Fund") as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cashflow and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The figures for the quarters ended 31 December 2021 and 31 December 2020 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



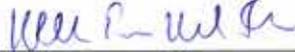
KPMG Taseer Hadi & Co.

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

Date: 24 February 2022

Karachi

UDIN : RR20211018867Eqj5B4r


KPMG Taseer Hadi & Co.
Chartered Accountants

HBL Islamic Money Market Fund
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2021

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	<i>Note</i>	----- (Rupees in '000) -----	
Assets			
Bank balances	6	6,402,554	5,153,150
Investments	7	2,274,369	1,432,575
Accrued mark-up		82,115	82,971
Advances, deposits and other receivables	8	1,144	880
Total assets		8,760,182	6,669,576
Liabilities			
Payable to the Management Company	9	3,495	1,769
Payable to the Trustee		587	400
Payable to Securities and Exchange Commission of Pakistan		900	1,452
Accrued expenses and other liabilities	10	15,048	25,650
Total liabilities		20,030	29,271
Net assets		8,740,152	6,640,305
Unit holders' fund (as per statement attached)		8,740,152	6,640,305
Contingencies and Commitments	11	----- (Number of units) -----	
Number of units in issue		86,362,643	65,619,532
Net assets value per unit		101.2029	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 (Un-Audited)
For the six and three months period ended December 31, 2021

	Note	For six months period ended December 31,		For three months period ended December 31,	
		2021	2020	2021	2020
----- (Rupees in '000) -----					
Income					
Profit on deposits with banks calculated using effective yield method		232,961	165,589	175,021	77,219
Return on investments calculated using effective yield method		122,698	87,575	57,242	60,660
Realised gain on sale of investments		83	135	-	135
		355,742	253,299	232,263	138,014
Expenses					
Remuneration to the Management Company		11,276	12,619	7,349	6,866
Remuneration to the Trustee		2,994	2,734	1,718	1,488
Annual fee to Securities and Exchange Commission of Pakistan		900	745	553	406
Allocation of expenses related to registrar services, accounting, operation and valuation services		-	1,861	-	1,012
Selling and marketing expenses		-	1,861	-	1,012
Auditors' remuneration		218	199	124	110
Settlement and bank charges		709	373	166	177
Fee and subscription		528	421	359	246
Total expenses		16,625	20,813	10,269	11,317
Net income from operating activities		339,117	232,486	221,994	126,697
Reversal / (provision) for Sindh Workers' Welfare Fund	10.2	19,002	(4,650)	-	(2,534)
Net income for the period before taxation		358,119	227,836	221,994	124,163
Taxation	12	-	-	-	-
Net income for the period after taxation		358,119	227,836	221,994	124,163
Allocation of net income for the period:					
Net income for the period after taxation		358,119	227,835	221,994	124,163
Income already paid on redemption of units		-	(19,728)	-	(8,304)
Accounting income available for distribution		358,119	208,107	221,994	115,859
Accounting income available for distribution:					
- Relating to capital gains		83	-	-	-
- Excluding capital gains		358,036	208,107	221,994	115,859
		358,119	208,107	221,994	115,859

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

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the six and three months period ended December 31, 2021

	Six months period ended		Three months period	
	December 31,		December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	358,119	227,836	221,994	124,163
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>358,119</u>	<u>227,836</u>	<u>221,994</u>	<u>124,163</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Condensed Interim Statement Of Movement In Unit Holders' FUND (Un-Audited)
For the six months period ended December 31, 2021

	2021			2020		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	6,618,598	21,707	6,640,305	8,400,268	21,468	8,421,736
Issue of 122,693,650 units (2020: 86,057,094 units)						
- Capital value	12,415,861	-	12,415,861	8,706,775	-	8,706,775
- Element of (loss) / income	(2,405)	-	(2,405)	25,377	-	25,377
Total proceeds on issue of units	12,413,456	-	12,413,456	8,732,152	-	8,732,152
Redemption of 101,950,539 units (2020: 99,417,542 units)						
- Capital value	(10,316,783)	-	(10,316,783)	(10,058,510)	-	(10,058,510)
- Element of income / (loss)	1,998	-	1,998	(5,623)	(19,728)	(25,351)
Total payments on redemption of units	(10,314,785)	-	(10,314,785)	(10,064,133)	(19,728)	(10,083,861)
Total comprehensive income for the period	-	358,119	358,119	-	227,835	227,835
Refund of capital	-	-	-	(18,491)	-	(18,491)
Distribution during the period	-	(356,943)	(356,943)	-	(178,629)	(178,629)
Net income / (loss) for the period less distribution	-	1,176	1,176	(18,491)	49,206	30,715
Net assets at end of the period	8,717,270	22,883	8,740,152	7,049,796	50,946	7,100,742
Undistributed income brought forward						
- Realised income		21,707			21,468	
- Unrealised income		-			-	
		21,707			21,468	
Accounting income available for distribution						
- Relating to capital gains		83			-	
- Excluding capital gains		358,036			208,107	
		358,119			208,107	
Distribution during the period		(356,943)			(178,629)	
Undistributed income carried forward		22,883			50,946	
Undistributed income carried forward						
- Relating to realised gain		22,883			50,946	
- Relating to unrealised gain		-			-	
		22,883			50,946	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			101.1940			101.1744
Net assets value per unit at end of the period			101.2029			101.6143

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 six months period ended December 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	358,119	227,835
Adjustments		
Profit on deposits with banks calculated using effective yield method	(232,961)	(165,589)
Return on investments calculated using effective yield method	(122,698)	(87,575)
Realised gain on sale of investments	(83)	(135)
	<u>2,377</u>	<u>(25,464)</u>
<i>Decrease / (increase) in assets</i>		
Advances, deposits and other receivables	(264)	(171)
Investments	(719,013)	(1,613,041)
	<u>(719,277)</u>	<u>(1,613,212)</u>
<i>(Decrease) / increase in liabilities</i>		
Payable to Management Company	1,726	199
Payable to Trustee	187	(37)
Payable to Securities and Exchange Commission of Pakistan	(552)	128
Accrued expenses and other liabilities	(10,602)	7,179
	<u>(9,241)</u>	<u>7,469</u>
	<u>(726,141)</u>	<u>(1,631,207)</u>
Profit received on bank deposits	<u>233,816</u>	<u>174,594</u>
Net cash used in operating activities	(492,325)	(1,456,613)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	12,413,456	8,713,662
Payments against redemption of units	(10,314,785)	(10,083,861)
Cash dividend paid	(356,943)	(178,629)
Net cash generated from / (used in) financing activities	<u>1,741,728</u>	<u>(1,548,828)</u>
Net increase and decrease in cash and cash equivalents	1,249,403	(3,005,441)
Cash and cash equivalents at beginning of the period	<u>5,153,150</u>	<u>7,397,036</u>
Cash and cash equivalents at end of the period	<u>6,402,553</u>	<u>4,391,595</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund

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

For the six months period ended December 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on December 10, 2010.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at 'par from May 9, 2011 to May 10, 2011.
- 1.4 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.
- 1.5 VIS Credit Rating Agency has assigned management quality rating of 'AM2++' (Positive Outlook) to the Management Company as on 31 December 2021 (31 December 2020: AM2++ (Positive outlook)) and the fund stability rating of AA+(f) to the Fund.
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund.
- 1.7 Impact of Covid-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including vaccination campaigns, requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. During the period, the provincial government imposed complete lockdown only in Sindh amid increasing COVID-19 cases in early July. Further, subsequent to period end, African variant of Covid 19 (named "Omicron") has affected the country adversely. Consequently, this would lead to uncertainties in terms of increase in number of cases due to which Sindh government and National Command Operation Center (NCOC) has imposed micro lockdown in highly affected areas which could affect the overall operations and the business in future requiring close monitoring by the management as it is an alarming situation for overall economy of Pakistan. 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. The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that would be no significant impact that will adversely affect the operations and financial position of the Fund in future periods.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations 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 and the NBFC Regulations have been followed.

2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

5. FINANCIAL RISK MANAGEMENT

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

	<i>Note</i>	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
(Rupees in '000)			
6. BANK BALANCES			
Savings accounts	6.1	<u>6,402,554</u>	<u>5,153,150</u>
		<u>6,402,554</u>	<u>5,153,150</u>

6.1 This represents bank accounts held with different banks. Profit rates on these accounts range between 3% - 10.5% (June 30, 2021: 3.52% - 7.5%) per annum.

7. INVESTMENTS

Note
December 31, 2021
(Un-Audited)
(Rupees in '000)
June 30, 2021
(Audited)

Investments by category

Financial assets At amortised cost

Commercial paper 7.1 1,682,369 832,575
Bai mujjal 7.2 - -

Financial asset At Fair value through profit or loss

Sukuk certificate 7.3 592,000 600,000
2,274,369 1,432,575

7.1 Commercial papers - at amortised cost

	Maturity Date	Rate of return	As at July 1,	Placements	Income	Matured /	As at	Market value as a percentage of	
			2021	made during the period	accrued	Sale during the period	December 31, 2021	Total investments of fund	Net Assets of fund
			(Rupees in '000)				%		
K - Electric Limited	October 19, 2021	8.09%	195,181	-	4,073	199,254	-	-	-
K - Electric Limited	October 6, 2021	8.18%	122,311	-	2,689	125,000	-	-	-
K - Electric Limited	August 10, 2021	7.81%	466,167	-	3,833	470,000	-	-	-
K - Electric Limited	October 6, 2021	8.25%	48,916	-	1,084	50,000	-	-	-
K - Electric Limited	January 27, 2022	7.89%	-	470,682	12,592	-	483,274	21.24	5.53
K - Electric Limited	April 7, 2022	8.66%	-	330,735	6,666	-	337,401	14.83	3.86
K - Electric Limited	May 4, 2022	9.41%	-	535,034	7,877	-	542,911	23.87	6.21
K - Electric Limited	May 16, 2022	9.35%	-	315,049	3,734	-	318,783	14.02	3.65
			832,575	1,651,500	42,548	844,254	1,682,369	73.96	19.25

7.2 Bai muajjal - at amortised cost

	Maturity Date	Rate of return	As at July 1,	Placements	Income	Matured /	As at	Market value as a percentage of	
			2021	made during the period	accrued	Sale during the period	December 31, 2021	Total investments of fund	Net Assets of fund
			(Rupees in '000)				%		
Askari Bank Limited	September 23, 2021	6.72%	-	500,000	2,854	502,854	-	-	-
Askari Bank Limited	September 23, 2021	6.72%	-	525,000	2,996	527,996	-	-	-
Pak Oman Investment Company	September 20, 2021	7.02%	-	123,078	1,728	124,806	-	-	-
Pak Kuwait Investment Company	September 22, 2021	7.02%	-	595,999	8,597	604,596	-	-	-
Pak Oman Investment Company	September 20, 2021	7.02%	-	666,944	9,364	676,308	-	-	-
Pak Kuwait Investment Company	September 22, 2021	7.04%	-	395,499	5,402	400,901	-	-	-
Pak Brunei Investment Company	September 22, 2021	6.94%	-	388,078	3,173	391,251	-	-	-
Pak Brunei Investment Company	September 22, 2021	6.94%	-	199,014	1,627	200,641	-	-	-
Pak Brunei Investment Company	September 22, 2021	6.94%	-	109,458	895	110,353	-	-	-
Pak Brunei Investment Company	September 22, 2021	6.83%	-	114,775	622	115,397	-	-	-
Pak Brunei Investment Company	September 22, 2021	6.83%	-	109,785	595	110,380	-	-	-
Pak Kuwait Investment Company	November 30, 2021	7.35%	-	391,021	3,700	394,721	-	-	-
Pak Kuwait Investment Company	November 30, 2021	7.35%	-	623,301	5,899	629,200	-	-	-
Pak Kuwait Investment Company	November 30, 2021	7.31%	-	597,911	5,149	603,060	-	-	-
			-	5,339,863	52,601	5,392,464	-	-	-

7.3 Sukuk certificate - Fair value through profit or loss

	Maturity Date	As at 1 July,	Placements	Income	Matured /	As at	Market value as a percentage of	
		2021	made during the period	accrued	Sale during the period	December 31, 2021	Total investments of fund	Net Assets of fund
			(Rupees in '000)				%	
The HUB Power Company Limited	November 5, 2021	600,000	-	18,380	600,000	-	-	-
The HUB Power Company Limited	May 2, 2022	-	592,000	8,975	-	592,000	26.03	0.07
		600,000	592,000	27,355	600,000	592,000	26.03	0.07

Significant terms and conditions of Term finance certificate and sukuk bonds outstanding as at December 31, 2021 are as follows:

Name of security	Remaining Principal (per Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
HUB Power Company Limited	1,000,000	9.51%	2-Nov-21	2-May-22

8.	ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	December 31,	June 30,
			2021 (Un-Audited)	2021 (Audited)
(Rupees in '000)				
	Security deposit with Central Depository Company of Pakistan Limited		100	100
	Prepaid listing fee		14	-
	Prepaid rating fee		236	70
	Prepaid legal fee		84	-
	Advance tax	8.1	710	710
			<u>1,144</u>	<u>880</u>

8.1. This pertains to tax erroneously collected by bank on markup on bank deposits which have been claimed on filing of tax returns by the Fund.

9. PAYABLE TO MANAGEMENT COMPANY

Management fee		2,510	1,089
Sindh sales tax		326	142
Sales load payable		659	97
Selling and marketing expense payable	9.1	-	441
		<u>3,495</u>	<u>1,769</u>

9.1. During the period selling and marketing expense was revised to 0% from 0.05% on December 20, 2021.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		204	318
Federal Excise Duty	10.1	2,185	2,185
Withholding tax payable		11,949	2,569
Provision for Workers' Welfare Fund	10.2	-	19,002
Other payable		382	1,259
Capital gain tax payable		21	10
Dividend payable		307	307
		<u>15,048</u>	<u>25,650</u>

10.1 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2021.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2019 aggregating to Rs. 2.185 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2021 would have been higher by Rs. 0.0253 per unit (June 30, 2021: Rs. 0.0333 per unit).

10.2 PROVISION FOR WORKERS' WELFARE FUND

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

However, during the period, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the SWWF Act 2014 and are therefore subject to Sindh Workers' Welfare Fund 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. 19.002 million for the period from July 1, 2014 till August 12, 2021.

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021 except those disclosed already.

12. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11 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 ending June 30, 2022 to its unit holders.

13. TRANSACTIONS AND BALANCES 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 Rules, NBFC Regulations and the Trust Deed respectively.

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

		Half year ended	
		December 31,	
		2021	2020
		(Un-Audited)	
		(Rupees in '000)	
13.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Management fee including sales tax thereon	11,276	12,619
	Allocation of expenses related to registrar services, accounting, operation and valuation services	-	1,861
	Selling and marketing	-	1,861
	Issue of 40,455 units (2020: Nil units)	4,049	-
	Habib Bank Limited - Sponsor		
	Profit on bank deposits earned*	150,382	77,824
	Redemption of Nil units (2020: 984,684 units)	-	100,000
	Dividend	-	4,524
	Directors , Executives and key management personnel		
	Issue of 106,101 units (2020: 97,801 units)	10,735	9,918
	Redemption of 55,756 units (2020: 127,771 units)	5,641	12,952
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee Remuneration	2,994	2734
	CDC service charges	429	201
	CDC Trustee HBL Cash Fund - Funds under common management		
	Purchase of KEL - Commercial paper	367,557	199,489
	CDC Trustee HBL Money Market Fund - Funds under common management		
	Sale of KEL - Commercial paper	69,557	-
	Purchase of KEL - Commercial paper	63,839	204,476
	CDC Trustee HBL Islamic Income Fund - Funds under common management		
	Purchase of KEL - Commercial paper	39,289	-
	Purchase of HUB Power Company Limited - Sukuk	160,000	-
	Connected person due to 10% holding or more		
	Yunus Textile Mills Limited		
	Issue of 22,197,030 units (2020: Nil units)	2,245,771	-
	Redemption of 14,825,884 units (2020: Nil units)	1,500,000	-
	Archroma Pakistan Limited - Employees Gratuity Fund		
	Issue of 317,177 units (2020: 213,434 units)	32,090	21,622
	Pakistan Defence Officers Housing Authority		
	Issue of 10,402,909 units (2020: 10,019,524 units)	1,052,508	1,017,357

		(Un-Audited)	(Audited)
		December 31,	June 30,
		2021	2021
		----- (Rupees in '000) -----	
13.2	Amounts outstanding as at period end		
	HBL Asset Management Limited - Management Company		
	Management fee	2,510	1,089
	Sindh Sales Tax	326	142
	Investment held in the Fund: Nil units (June 30, 2020: 1,205,225)	-	121,961
	Sale load payable	659	97
	Selling and marketing cost	-	441
	Habib Bank Limited - Sponsor		
	Investment held in the Fund: Nil units (June 30, 2021: Nil units)	-	-
	Bank balances	5,161,961	5,146,720
	Sale load payable	659	875
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable including sales tax thereon	587	400
	Security Deposit	100	100
	Directors , Executives and key management personnel		
	Investment held in the Fund: 84,906 units (June 30, 2021: 34,615 units)	8,593	3,503
	Archroma Pakistan Limited - Employees Gratuity Fund		
	Investment held in the Fund: 538,426 units (June 30, 2021: Nil units)	54,490	-
	Connected person due to holding 10% or more		
	Yunus Textile Mills Limited		
	Investment held in the Fund: 12,318,699 units (June 30, 2021: Nil units)	1,246,688	-
	Pakistan Defence Officers Housing Authority		
	Investment held in the Fund: 10,402,909 units (June 30, 2021: Nil units)	1,052,805	-
	* These carry profit rate ranging between 3.60% to 3.80% (June 2021: 3.50% to 3.80%) per annum.		

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		December 31, 2021 (Unaudited)						
		Carrying amount			Fair Value			
		Mandatorily at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments	<i>Note</i>	----- (Rupees in '000) -----						
Financial assets measured at fair value								
Sukuk certificates		592,000	-	592,000	-	-	592,000	592,000
		<u>592,000</u>	<u>-</u>	<u>592,000</u>				
Financial assets not measured at fair value								
Bank balances	14.1	-	6,402,554	6,402,554				
Commercial Paper		-	1,682,369	1,682,369				
Accrued mark-up on bank deposits		-	82,115	82,115				
Advances, deposits and other receivables		-	100	100				
		<u>-</u>	<u>8,167,138</u>	<u>8,167,138</u>				
Financial liabilities not measured at fair value								
Payable to the Management Company	14.1	-	3,495	3,495				
Payable to the Trustee		-	587	587				
Accrued expenses and other liabilities		-	892	892				
		<u>-</u>	<u>4,974</u>	<u>4,974</u>				
		----- (Rupees in '000) -----						
		Carrying amount			Fair Value			
		Mandatorily at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial instruments	<i>Note</i>	----- (Rupees in '000) -----						
Financial assets measured at fair value								
Sukuk certificates		600,000	-	600,000	-	-	600,000	600,000
		<u>600,000</u>	<u>-</u>	<u>600,000</u>				
Financial assets not measured at fair value								
Bank balances	14.1	-	5,153,150	5,153,150				
Commercial Paper		-	832,575	832,575				
Accrued mark-up on bank deposits		-	82,971	82,971				
Advances, deposits and other receivables		-	100	100				
		<u>-</u>	<u>6,068,796</u>	<u>6,068,796</u>				
Financial liabilities not measured at fair value								
Payable to the Management Company	14.1	-	1,769	1,769				
Payable to the Trustee		-	354	354				
Accrued expenses and other liabilities		-	1,884	1,884				
		<u>-</u>	<u>4,007</u>	<u>4,007</u>				

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.

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

15. TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2021 is 0.19% (December 31, 2020: 0.34%) which includes 0.03% (December 31, 2020: 0.29%) representing government levy, Sindh Worker's Welfare Fund and SECP fee.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 11, 2022.

17. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

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 National Bank of Pakistan

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC ASSET ALLOCATION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Asset Allocation Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 24, 2022





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

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Asset Allocation Fund** ("the Fund") as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cashflow and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The figures for the quarters ended 31 December 2021 and 31 December 2020 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

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

Date: 24 February 2022

Karachi

UDIN : RR202110188StZjveFzM

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

HBL Islamic Asset Allocation Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at December 31, 2021

Note	December 31, 2021 (Un-Audited)			June 30, 2021 (Audited)			
	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) -----						
Assets							
Bank balances	6	70,562	857,637	928,199	164,167	423,352	587,519
Investments	7	297,613	1,713,200	2,010,813	231,213	2,012,096	2,243,309
Dividend receivable and accrued mark-up		2,552	32,466	35,018	3,301	43,139	46,440
Preliminary expenses and floatation costs	8	-	150	150	-	172	172
Advances, deposits and other receivables	9	2,818	6,228	9,046	4,756	100	4,856
Total assets		373,545	2,609,681	2,983,226	403,437	2,478,859	2,882,296
Liabilities							
Payable to Management Company	10	1,376	620	1,996	1,433	582	2,015
Payable to Trustee		71	188	259	72	169	241
Payable to Securities and Exchange Commission of Pakistan		39	260	299	73	389	462
Accrued expenses and other liabilities	11	1,621	681	2,302	9,942	3,477	13,419
Payable against purchase of investment		27	-	27	3,946	-	3,946
Total liabilities		3,134	1,749	4,883	15,466	4,617	20,083
Net assets		370,411	2,607,932	2,978,343	387,971	2,474,242	2,862,213
Unit holders' fund (as per statement attached)		370,411	2,607,932		387,971	2,474,242	
Contingencies and commitments							
	12	----- (Number of units) -----					
Number of units in issue		3,288,340	25,077,991		3,434,480	24,640,941	
		----- (Rupees) -----					
Net assets value per unit		112.6439	103.9929		112.9636	100.4119	

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

Condensed Interim Income Statement (Un-Audited)

For the six and three months period ended December 31, 2021

Note	For six months period ended December 31, 2021			For six months period ended December 31, 2020			For three months period ended December 31, 2021			For three months period ended December 31, 2020		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	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												
Net realised (loss) / gain on sale of investments	(7,274)	(21,212)	(28,486)	6,175	750	6,925	(7,710)	(21,212)	(28,922)	3,916	-	3,916
Dividend income	1,803	-	1,803	2,286	-	2,286	1,335	-	1,335	1,896	-	1,896
Return on investments calculated using effective yield method	8,270	11,873	20,143	3,508	52,913	56,421	4,637	(33,992)	(29,355)	1,829	34,582	36,411
Profit on deposits with banks calculated using effective yield method	3,285	93,652	96,937	4,980	9,745	14,725	1,117	88,265	89,382	2,879	4,221	7,100
Net Unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	(7,085)	6,766	(319)	15,006	(3,171)	11,835	3,698	(1,082)	2,616	3,766	160	3,926
Other income	7	33	40	24	-	24	7	33	40	24	-	24
	(994)	91,112	90,118	31,979	60,237	92,216	3,084	32,012	35,096	14,310	38,963	53,273
Expenses												
Remuneration of Management Company	3,287	2,201	5,488	2,924	1,390	4,314	1,598	1,109	2,707	1,568	870	2,438
Remuneration of Trustee	438	1,100	1,538	390	766	1,156	213	554	767	209	416	625
Annual fee to Securities and Exchange Commission of Pakistan	39	260	299	35	164	199	19	131	150	19	103	122
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,454	-	1,454	1,294	383	1,677	707	-	707	695	256	951
Selling and marketing expenses	1,260	-	1,260	1,121	-	1,121	612	-	612	601	-	601
Auditors' remuneration	33	220	253	53	162	215	21	139	160	11	104	115
Amortisation of preliminary expenses and floatation costs	-	22	22	105	21	126	-	11	11	52	12	64
Settlement and bank charges	194	183	377	225	81	306	99	95	194	154	79	233
Fees and subscription	18	85	103	14	33	47	(7)	16	9	8	6	14
Charity expense	101	-	101	-	-	-	78	-	78	-	-	-
Printing Expense	33	28	61	-	-	-	16	-	16	-	-	-
Securities transaction cost	256	90	346	175	731	906	221	-	221	79	23	102
Shariah advisory fee	18	92	110	30	72	102	18	92	110	13	72	85
	7,131	4,281	11,412	6,366	3,803	10,169	3,595	2,147	5,742	3,409	1,941	5,350
Net (loss) / income from operating activities	(8,125)	86,831	78,706	25,613	56,434	82,047	(511)	29,865	29,354	10,901	37,022	47,923
Reversal / (Provision) for Sindh Workers' Welfare Fund	11.3	7,130	3,019	10,149	(512)	(1,129)	(1,641)	-	-	(218)	(741)	(959)
Net (loss) / income for the period before taxation	(995)	89,850	88,855	25,101	55,305	80,406	(511)	29,865	29,354	10,683	36,281	46,964
Taxation	13	-	-	-	-	-	-	-	-	-	-	-
Net (loss) / income for the period after taxation	(995)	89,850	88,855	25,101	55,305	80,406	(511)	29,865	29,354	10,683	36,281	46,964
Allocation of net (loss) / income for the period after taxation												
Net income for the period after taxation	(995)	89,850	88,855	25,101	55,305	80,406	(511)	29,865	29,354	10,683	36,281	46,964
Income already paid on redemption of units	-	(7,258)	(7,258)	(775)	-	(775)	-	(8,643)	(8,643)	(1,679)	(19,024)	(20,703)
Accounting income available for distribution	(995)	82,592	81,597	24,326	55,305	79,631	(511)	21,222	20,711	9,004	17,257	26,261
Accounting (loss) / income available for distribution:												
- Relating to capital gains	-	-	-	20,447	-	20,447	-	-	-	3,916	-	3,916
- Excluding capital gains	-	82,592	82,592	3,879	55,305	59,184	-	21,222	21,222	5,088	17,257	22,345
	-	82,592	82,592	24,326	55,305	79,631	-	21,222	21,222	9,004	17,257	26,261

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the six and three months period ended December 31, 2021

	For six months period ended December 31, 2021			For six months period ended December 31, 2020			For three months period ended December 31, 2021			For three months period ended December 31, 2020		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Total	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)											
Net (loss) / income for the period after taxation	(995)	89,850	88,855	25,101	55,305	80,406	(511)	29,865	29,354	10,683	36,281	46,964
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(995)	89,850	88,855	25,101	55,305	80,406	(511)	29,865	29,354	10,683	36,281	46,964

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Statement of Movement in Unit holders' Fund (Un-Audited)
For the six months period ended December 31, 2021

	HBL Islamic Asset Allocation Fund					
	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	259,067	128,904	387,971	208,300	102,099	310,399
Issue of 266,504 units (2020: 729,941 units)						
- Capital value	30,105	-	30,105	75,646	-	75,646
- Element of income	173	-	173	3,547	-	3,547
Total proceeds on issuance of units	30,278	-	30,278	79,193	-	79,193
Redemption of 412,644 units (2020: 332,292 units)						
- Capital value	(46,615)	-	(46,615)	(34,436)	-	(34,436)
- Element of loss	(228)	-	(228)	(714)	(775)	(1,489)
Total payments on redemption of units	(46,843)	-	(46,843)	(35,150)	(775)	(35,925)
Total comprehensive (loss) / income for the period	-	(995)	(995)	-	25,101	25,101
Net assets at end of the period	242,502	127,909	370,411	252,343	126,425	378,768
Undistributed income brought forward						
- Realised income		111,082			100,789	
- Unrealised income / (loss)		17,822			1,310	
		128,904			102,099	
Accounting (loss) / income available for distribution						
- Relating to capital gains		-			20,447	
- Excluding capital gains		-			3,879	
		-			24,326	
Total comprehensive loss for the period		(995)			-	
Undistributed income carried forward		127,909			126,425	
Undistributed income carried forward comprises of:						
- Realised income		134,219			111,419	
- Unrealised income / (loss)		(7,085)			15,006	
		127,909			126,425	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			112.9636			103.6330
Net assets value per unit at end of the period			112.6439			111.6380

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Statement of Movement in Unit Holders' Fund (Un-Audited)
For the six months period ended December 31, 2021

	HBL Islamic Asset Allocation Fund Plan 1					
	2021			2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the period	2,470,677	3,565	2,474,242	-	-	-
Issuance of 3,703,893 units (2020: 19,927,542 Units)						
- Capital value	371,915	-	371,915	1,992,754	-	1,992,754
- Element of income	9,257	-	9,257	7,246	-	7,246
	381,172		381,172	2,000,000	-	2,000,000
Redemption of 3,266,842 units (2020: Nil Units)						
- Capital value	(328,029)	-	(328,029)	-	-	-
- Element of loss	(2,045)	(7,258)	(9,303)	-	-	-
	(330,074)	(7,258)	(337,332)	-	-	-
Total comprehensive income for the period	-	89,850	89,850	-	55,305	55,305
Net assets at the end of the period	2,521,775	86,157	2,607,932	2,000,000	55,305	2,055,305
Undistributed income brought forward						
- Realised income		(350)			-	
- Unrealised income / (loss)		3,915			-	
		3,565			-	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		82,592			55,305	
		82,592			55,305	
Undistributed income carried forward		86,157			55,305	
Undistributed income carried forward						
- Realised		79,391			58,476	
- Unrealised		6,766			(3,171)	
		86,157			55,305	
			(Rupees)			(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			103.9929			103.1389

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund
Condensed Interim Cash Flow Statement (Un-Audited)
For the six months period ended December 31, 2021

	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)						
Cash flows from operating activities						
Net profit for the period before taxation	(995)	89,850	88,855	25,101	55,305	80,406
Adjustments						
Net realised gain on sale of investments	7,274	21,212	28,486	(6,175)	(750)	(6,925)
Profit on deposits with banks calculated using effective yield method	(3,285)	(93,652)	(96,937)	(4,980)	(9,745)	(14,725)
Return on investments calculated using effective yield method	(8,270)	(11,873)	(20,143)	(3,508)	(52,913)	(56,421)
Dividend income	(1,803)	-	(1,803)	(2,286)	-	(2,286)
Amortisation of preliminary expenses and floatation costs	-	22	22	105	21	126
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	7,085	(6,766)	319	(15,006)	3,171	(11,835)
	6	(1,207)	(1,201)	(6,749)	(4,911)	(11,660)
<i>Decrease / (increase) in assets</i>						
Investments	(80,759)	284,450	203,691	(21,002)	(1,814,331)	(1,835,333)
Advances, deposits, other receivables and receivable against sale of investments	1,938	(6,128)	(4,190)	4,135	(294)	3,841
	(78,821)	278,322	199,501	(16,867)	(1,814,625)	(1,831,492)
<i>(Decrease) / increase in liabilities</i>						
Payable to Management Company	(57)	38	(19)	(29)	753	724
Payable to Trustee	(1)	19	18	2	148	150
Payable to Securities and Exchange Commission of	(34)	(129)	(163)	(109)	164	55
Accrued expenses and other liabilities	(8,321)	(2,796)	(11,117)	(2,468)	1,388	(1,080)
Payable against purchase of investment	(3,919)	-	3,919	-	-	-
	(12,332)	(2,868)	(7,362)	(2,604)	2,453	(151)
Cash (used in) / generated from operating activities	(91,147)	274,247	190,938	(26,220)	(1,817,083)	(1,843,303)
Profit received on bank deposits	4,505	91,966	96,471	4,426	8,434	12,860
Dividend income received	1,978	-	1,978	2,150	-	2,150
Markup received on investments	7,624	24,232	31,856	3,868	24,074	27,942
Net cash (used in) / generated from operating activities	(77,040)	390,445	321,243	(15,776)	(1,784,575)	(1,800,351)
Cash flows from financing activities						
Amount received on issue of units	30,278	381,172	411,450	79,193	2,000,000	2,079,193
Payment against redemption of units	(46,843)	(337,332)	(384,175)	(35,925)	-	(35,925)
Net cash generated from financing activities	(16,565)	43,840	27,275	43,268	2,000,000	2,043,268
Net decrease / increase in cash and cash equivalents	(93,605)	434,285	340,680	27,492	215,425	242,917
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	70,562	857,637	928,199	167,202	215,425	382,627

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Asset Allocation Fund

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

For the six months period ended December 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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.
- 1.2 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.
- 1.3 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The initial public offer period was from January 07, 2016 to January 08, 2016 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 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.
- 1.5 VIS Credit Rating Company has assigned a management quality rating of 'AM2++' (Positive outlook) to the Management Company as on December 31, 2021 (December 31, 2020 : AM2++ (Positive outlook)).
- 1.6 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.
- 1.7 Impact of Covid-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including vaccination campaigns, requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. During the period, the provincial government imposed complete lockdown only in Sindh amid increasing COVID-19 cases in early July. Further, subsequent to period end, African variant of Covid 19 (named "Omicron") has affected the country adversely. Consequently, this would lead to uncertainties in terms of increase in number of cases due to which Sindh government and National Command Operation Center (NCOC) has imposed micro lockdown in highly affected areas which could affect the overall operations and the business in future requiring close monitoring by the management as it is an alarming situation for overall economy of Pakistan. 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. The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that would be no significant impact that will adversely affect the operations and financial position of the Fund in future periods.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

5. FINANCIAL RISK MANAGEMENT

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

6. BANK BALANCES	Note	December 31, 2021 (Un-Audited)			June 30, 2021 (Audited)		
		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) -----							
Savings accounts	6.1	70,562	857,637	928,199	164,167	423,352	587,519
		<u>70,562</u>	<u>857,637</u>	<u>928,199</u>	<u>164,167</u>	<u>423,352</u>	<u>587,519</u>

6.1 This represents bank accounts held with different banks. Profit rates on these accounts ranges between 3.75% - 10.60% per annum (June 30, 2021: 5.00% - 13.50%) per annum.

7. INVESTMENTS

Investments by category	Note	(Un-Audited)			(Audited)		
		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) -----							
At fair value through profit or loss							
Listed equity securities	7.1	110,630	-	110,630	112,288	-	112,288
Sukuk bonds	7.2	81,831	1,665,200	1,747,031	49,843	1,514,696	506,626
GoP Ijara Sukuks	7.3	-	48,000	48,000	9,226	497,400	1,564,539
		192,461	1,713,200	1,905,661	171,357	2,012,096	2,183,453
Financial assets at amortised cost							
Sukuk bonds	7.4	36,809	-	36,809	35,069	-	35,069
Commercial paper	7.5	68,343	-	68,343	24,787	-	24,787
		105,152	-	105,152	59,856	-	59,856
Total Investments		297,613	1,713,200	2,010,813	231,213	2,012,096	2,243,309

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

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

Name of the Investee Company	As at July 01, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2021	Cost of holdings as at December 31, 2020	Market value as at December 31, 2021	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----					----- (Rupees in '000) -----		----- % -----		
Automobiles Parts & Accessories										
Ghandhara Industries Limited	-	5,000	-	-	5,000	1,021	884	0.30	0.24	-
Honda Atlas Cars (Pakistan) Limited	3,000	-	-	3,000	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	5,500	-	-	5,500	-	-	-	-	-	-
Panther Tyres Limited	16,031	-	-	16,031	-	-	-	-	-	-
	24,531	5,000	-	24,531	5,000	1,021	884	0.30	0.24	-
Cement										
Attock Cement Pakistan Ltd	26,000	16,800	-	-	42,800	7,143	5,947	2.00	1.61	0.10
Cherat Cement Limited	8,500	-	-	8,500	-	-	-	-	-	-
D.G. Khan Cement Company Limited	32,500	-	-	32,500	-	-	-	-	-	-
Fauji Cement Company Limited	-	47,000	-	47,000	-	-	-	-	-	-
Kohat Cement Limited	4,970	16,000	-	1,500	19,470	3,701	3,672	1.23	0.99	0.09
Lucky Cement Limited	13,150	9,540	-	6,000	16,690	12,990	11,337	3.81	3.06	0.01
Maple Leaf Cement Factory Limited	67,000	252,000	-	150,500	168,500	6,390	6,058	2.04	1.64	0.03
Pioneer Cement Limited	22,000	3,000	-	22,000	3,000	273	266	0.09	0.07	-
	174,120	344,340	-	268,000	250,460	30,497	27,280	9.17	7.37	0.23
Chemicals										
Descon Oxychem Ltd	-	108,000	-	35,000	73,000	1,804	1,679	0.56	0.45	0.01
Dyneen Pakistan Limited	-	4,500	-	-	4,500	1,151	970	0.33	0.26	0.02
Engro Polymer & Chemicals Limited	-	34,000	-	-	34,000	1,876	1,843	0.62	0.50	-
	-	146,500	-	35,000	111,500	4,831	4,492	1.51	1.21	0.03
Commercial Banks										
Bank Islami Pakistan Limited	100,000	181,000	-	-	281,000	3,569	3,600	1.21	0.97	0.03
Meezan Bank Limited	41,422	36,000	5,688	9,000	74,110	8,942	9,939	3.34	2.68	0.01
	141,422	217,000	5,688	9,000	355,110	12,511	13,539	4.55	3.65	0.04
Engineering										
Agha Steel Industry Limited	45,000	1,000	2,250	34,000	14,250	452	373	0.13	0.10	0.01
Aisha Steel Mills Ltd	50,000	-	-	50,000	-	-	-	-	-	-
Amreli Steels Limited	-	50,000	-	7,000	43,000	1,720	1,925	0.65	0.52	0.02
International Industries Limited	11,700	-	-	11,700	-	-	-	-	-	-
International Steels Limited	6,500	-	-	6,500	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	24,360	30,000	5,829	1,000	59,189	5,509	6,162	2.07	1.66	0.02
	137,560	81,000	8,079	110,200	116,439	7,681	8,460	2.85	2.28	0.05
Fertilizer										
Engro Corporation Limited	11,000	7,000	-	18,000	-	-	-	-	-	-
	11,000	7,000	-	18,000	-	-	-	-	-	-
Food & Personal Care Product										
The Organic Meat Company Limited	196,329	13,000	12,582	98,500	123,411	4,107	3,916	1.32	1.06	0.11
Al Shaheer Corporation Limited	-	28,000	-	28,000	-	-	-	-	-	-
Unity Foods Limited	79,500	99,500	-	-	179,000	6,266	4,738	1.59	1.28	0.02
Unity Foods Limited- Letter of Right	-	36,014	-	9,000	27,014	-	29	0.01	0.01	-
	275,829	176,514	12,582	135,500	329,425	10,373	8,683	2.92	2.35	0.13
Oil & Gas Exploration Companies										
Mari Petroleum Company Limited	4,095	1,000	-	400	4,695	7,181	7,767	2.61	2.10	-
Oil & Gas Development Company Limited	93,000	36,000	-	85,500	43,500	3,736	3,750	1.26	1.01	-
Pakistan Oilfields Limited	4,500	6,000	-	2,650	7,850	2,998	2,807	0.94	0.76	-
Pakistan Petroleum Limited	98,592	36,000	-	88,600	45,992	3,676	3,635	1.22	0.98	-
	200,187	79,000	-	177,150	102,037	17,591	17,959	6.03	4.85	-

Name of the Investee Company	As at July 01, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2021	Cost of holdings as at December 31, 2020	Market value as at December 31, 2021	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Par value as a percentage of issued capital of the investee company
	----- (Number of shares) -----				----- (Rupees in '000) -----		----- % -----			
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited	29,559	2,100	-	800	30,859	6,818	5,613	1.89	1.52	0.01
	29,559	2,100	-	800	30,859	6,818	5,613	1.89	1.52	0.01
Pharmaceuticals										
Abbott Laboratories (Pak) Limited	-	5,000	-	5,000	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	10,500	-	500	10,000	3,695	3,258	1.09	0.88	0.03
Highnoon Laboratories Limited	-	6,000	-	-	6,000	3,732	3,767	1.27	1.02	0.02
The Searle Company Limited	821	3,000	246	-	4,067	615	585	0.20	0.16	-
	821	24,500	246	5,500	20,067	8,042	7,610	2.56	2.06	0.05
Power Generation & Distribution										
Hub Power Company Limited	63,687	-	-	13,500	50,187	3,998	3,580	1.20	0.97	-
	63,687	-	-	13,500	50,187	3,998	3,580	1.20	0.97	-
Textile and Composite										
Interloop Limited	47,750	-	1,432	-	49,182	3,344	3,575	1.20	0.97	0.01
Kohinoor Textile Mills Limited	7,500	-	-	-	7,500	564	521	0.18	0.14	-
Nishat Mills Limited	22,200	-	-	-	22,200	2,071	1,766	0.59	0.48	0.04
	77,450	-	1,432	-	78,882	5,979	5,862	1.97	1.59	0.05
Cable & Electrical Goods										
Pak Electron Limited	35,500	20,000	-	-	55,500	1,809	1,250	0.42	0.34	0.04
Waves Singer Pakistan Limited	40,000	-	-	40,000	-	-	-	-	-	-
	75,500	20,000	-	40,000	55,500	1,809	1,250	0.42	0.34	0.04
Refinery										
Attock Refinery Limited	4,500	3,000	-	-	7,500	1,638	1,080	0.36	0.29	0.01
National Refinery Limited	2,500	500	-	500	2,500	1,191	711	0.24	0.19	-
	7,000	3,500	-	500	10,000	2,829	1,791	0.60	0.48	0.01
Technology & Communication										
Octopus Digital Limited	-	23,026	-	8,026	15,000	1,057	1,166	0.39	0.31	0.01
Air Link Communication Limited	-	64,625	2,896	67,521	-	-	-	-	-	-
Avanceon Limited	33,000	13,000	-	19,000	27,000	2,810	2,460	0.83	0.66	-
TRG Pakistan Limited	-	10,500	-	10,500	-	-	-	-	-	-
	33,000	111,151	2,896	105,047	42,000	3,867	3,626	1.22	0.97	0.01
Transport										
Pakistan International Bulk Terminal Limited	-	109,000	-	109,000	-	-	-	-	-	-
Pakistan National Shipping Corporation	5,000	-	-	5,000	-	-	-	-	-	-
	5,000	109,000	-	114,000	-	-	-	-	-	-
Miscellaneous										
Pakistan Aluminium Beverage Cans Limited	-	38,814	-	38,814	-	-	-	-	-	-
	-	38,814	-	38,814	-	-	-	-	-	-
Total as at December 31, 2021	1,256,666	1,365,419	30,923	1,095,542	1,557,466	117,847	110,630	38.19	30.88	1.65

7.1.1 The above investments include shares with market value aggregating to Rs. 25.8157 million (June 30, 2021: Rs. 32.32 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

7.1.2 This includes gross bonus shares as per Fund's entitlement declared by the investee company. Previously due to amendments brought by the Finance Act, 2014 in the Income Tax Ordinance, 2001, the bonus shares received by the shareholders were to be treated as income and a tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax was to be collected at source by the investee company which was considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has already withheld the shares (from Tax Year 2014 to Tax Year 2018) equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.244 million at December 31, 2021 (June 30, 2021: Rs. 0.312 million) and not yet deposited on CDC account of department of Income tax while during the period no tax on bonus shares is being withheld by the investee company(s) due to the amendments brought by the Finance Act, 2018 in the Income Tax Ordinance, 2001 which excluded the the requirement of tax on bonus shares. Management is of the view that the decision will be in favor of the asset management company and accordingly has recorded the bonus shares on gross basis at fair value in its investments at period end.

7.2 Sukuk Bonds - At fair value through profit or loss

	As at July 01, 2021	Purchases during the period	Sales / matured during the period	As at December 31, 2021	Amortised Cost as at December 31, 2021	Market value as at December 31, 2021	Market value as percentage of	
							Total investments	Net Assets
	(Number of certificates)			(Rupees in '000)		%		
Islamic Asset Allocation Fund								
Miscellaneous								
Agha Steel Industries Limited	33	-	-	33	32,441	32,813	17.05	8.86
International Brands Limited	100	-	-	100	1,672	1,679	0.87	0.45
OBS AGP (Pvt) Limited	-	350	-	350	35,000	35,000	18.19	9.45
TPL Trakker Limited	-	13	-	13	12,586	12,339	6.41	3.33
	133	363	-	496	81,699	81,831	42.52	22.09
Islamic Asset Allocation Fund Plan 1								
Commercial Bank								
Meezan Bank Limited	307	-	107	200	200,000	200,000	11.67	7.67
Dubai Islamic Bank limited	4,175	-	-	4,175	199,894	200,863	11.72	7.70
	4,482	-	107	4,375	399,894	400,863	23.39	15.37
Power Generation & Distribution								
Hub Power Company Limited	1,750	1,000	-	2,750	281,550	281,875	16.45	10.81
	1,750	1,000	-	2,750	281,550	281,875	16.45	10.81
Miscellaneous								
K-Electric Limited	20,000	12,000	-	32,000	162,750	163,200	9.53	6.26
Pakistan Energy Sukuk II	143,500	-	-	143,500	723,240	728,262	42.51	27.92
OBS AGP (Pvt) Limited	-	910	-	910	91,000	91,000	5.31	3.49
	163,500	12,910	-	176,410	976,990	982,462	57.35	37.67
Total	169,732	13,910	107	183,535	1,658,434	1,665,200	97.19	63.85

Significant terms and conditions of sukuk bonds outstanding as at December 31, 2021 are as follows:

Name of Sukuks	Remaining Principal (Per Sukuk)	Mark-up rate (per annum)	Issue date	Maturity date
Islamic Asset Allocation Fund				
Agha Steel Industries Limited	1,000,000	3 months KIBOR +0.8%	9-Oct-18	9-Oct-25
International Brands Limited	16,821	3 months KIBOR + 0.50%	15-Nov-17	5-May-22
OBS AGP (Pvt) Limited	100,000	3 Months KIBOR + 1.55%	15-Jul-21	15-Jul-26
TPL Trakker Limited	944,444	3 months KIBOR + 3%	30-Mar-21	30-Mar-26
Islamic Asset Allocation Fund Plan 1				
Dubai Islamic Bank limited	1,000,000	6 Months KIBOR + 0.5%	14-Jul-17	14-Jul-27
Hub Power Company Limited	100,000	1 year KIBOR + 1.9%	19-Mar-20	19-Mar-24
K-Electric Ltd- Sukuk (KELSCS)	5,000	3 Month KIBOR + 1.7%	3-Aug-20	3-Aug-27
Pakistan Energy Sukuk-2 Bound (PES2C)	5,000	6 Month KIBOR - 0.1%	21-May-20	21-May-30
Meezan Bank limited - Perpetual	1,000,000	3 Months KIBOR + 1.75%	1-Aug-18	-
Dubai Islamic Bank limited - Perpetual	5,000	3 Months KIBOR + 1.75%	21-Dec-18	-
OBS AGP (Pvt) Limited	100,000	3 Months KIBOR + 1.55%	15-Jul-21	15-Jul-26

7.3 Investment in Government Securities - GOP Ijarah Sukuk - At fair value through profit or loss

Islamic Asset Allocation Fund				Face value		Amortised cost as at December 31, 2021	Market value as at December 31, 2021	Market value as a percentage of	
Issue Date	Tenor	Rate of return	As at July 1, 2021	Purchased during the period	Sold during the period			Total investments of sub-fund	Net assets of sub-fund
				(Rupees in '000)			(%)		
30-Apr-20	5-Years	7.53%	9,500	59,500	69,000	-	-	-	-
			9,500	59,500	69,000	-	-	-	-
Islamic Asset Allocation Fund Plan 1				Face value		Amortised cost as at December 31, 2021	Market value as at December 31, 2021	Market value as a percentage of	
Issue Date	Tenor	Rate of return	As at July 1, 2021	Purchased during the period	Sold during the period			Total investments of sub-fund	Net assets of sub-fund
				(Rupees in '000)			(%)		
29-Jul-20	5-Years	8.37%	500,000	50,000	500,000	50,000	48,000	48,000	2.80
			500,000	50,000	500,000	50,000	48,000	48,000	2.80

7.4 Sukuk bonds - At amortised cost

	Rate of return	Maturity date	As at July 01, 2021	Placements made during the period	Income accrued	Matured / Sale during the period	As at December 31, 2021	Market value as a percentage of	
								Total investments of fund	Net Assets of fund
	(Rupees in '000)							(%)	
Hub Power Holding	3 months KIBOR + 2.50%	November 12, 2022	35,069	-	1,740	-	36,809	12.37	9.94

7.5 Commercial papers - At amortised cost

	Rate of return	Maturity date	As at July 01, 2021	Placements made during the period	Income accrued	Matured / Sale during the period	As at December 31, 2021	Market value as a percentage of	
								Total investments of fund	Net Assets of fund
								(Rupees in '000)	
Mughal Iron and Steel	9.57%	July 21, 2022	-	10,965	446	-	11,411	3.83	3.08
K - Electric Limited	7.96%	August 10, 2021	24,787	-	213	25,000	-	0.00	0.00
K - Electric Limited	8.05%	January 23, 2022	-	18,259	645	-	18,904	6.35	5.10
K - Electric Limited	8.66%	April 6, 2022	-	23,966	489	-	24,455	8.22	6.60
K - Electric Limited	9.41%	May 4, 2022	-	13,376	197	-	13,573	4.56	3.66
			24,787	66,566	1,990	25,000	68,343	22.96	18.44

8. PRELIMINARY EXPENSES AND FLOATATION COST

Note	December 31, 2021 (Un-Audited)			June 30, 2021 (Audited)		
	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)						
Opening balance	-	172	172	105	215	320
Cost incurred during the period	-	-	-	-	-	-
Less: amortised during the period	-	(22)	(22)	(105)	(43)	(148)
Closing balance	-	150	150	-	172	172

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

9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Note	December 31, 2021 (Un-Audited)			June 30, 2021 (Audited)		
	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)						
Security deposit with National Clearing Company of Pakistan Limited (NCCPL)	2,500	6,128	8,628	2,500	-	2,500
Security deposit with Central Depository Company of Pakistan Limited	100	100	200	100	100	200
Advance against TFCs and commercial paper	-	-	-	1,956	-	1,956
Prepaid listing fee	21	-	-	14	-	14
Prepaid legal fee	11	-	11	-	-	-
Advance Tax	186	-	186	186	-	186
	2,818	6,228	9,025	4,756	100	4,856

9.1 This pertains to tax erroneously collected by bank on markup on bank deposits which have been claimed on filing of tax returns by the Fund.

10. PAYABLE TO THE MANAGEMENT COMPANY

Rumeration to the Management Company	468	332	800	480	298	778
Sindh sales tax on Management Company's rumeration	61	43	104	62	39	101
Sales load payable	-	-	-	27	-	27
Selling and marketing expenses payable	613	-	613	624	-	624
Allocation of expenses related to registrar services, accounting, operation and valuation services	234	-	234	240	-	240
Formation cost payable	-	245	245	-	245	245
	1,376	620	1,996	1,433	582	2,015

11. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable	27	185	212	40	257	297
Charity payable	11.1	101	101	234	-	234
Federal excise duty	11.2	1,063	1,063	1,063	0	1,063
Withholding tax payable	-	346	346	1,067	98	1,165
Payable to brokers	72	7	79	47	30	77
Provision for Workers' Welfare Fund	11.3	-	-	7,130	3,019	10,149
Dividend payable	25	-	25	54	0	54
Payable to NCCPL	36	32	68	30	25	55
Payable to Shariah advisor	7	18	25	2	15	17
Other payable	290	93	383	275	33	308
	1,621	681	2,302	9,942	3,477	13,419

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

11.2 The legal status of applicability of Federal Excise Duty on the Fund is the same as that disclosed in note 12.2 to the annual audited financial statements of the Fund for the year ended June 30, 2021.

In view of the above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2019 aggregating to Rs. 1.063 million. Had the provision not been retained, the Net Assets Value per unit of the Fund as on December 31, 2021 would have been higher by Rs. 0.32 per unit (June 30, 2021: 0.3095 per unit).

11.3 PROVISION FOR WORKERS' WELFARE FUND

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

However, during the period, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh Workers' Welfare Fund 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 Sindh Workers' Welfare Fund 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. 7.130 million in HBL IAAF and Rs 3.019 million in HBL IAAF Plan 1 for the period from July 1, 2014 till August 12, 2021.

12. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021 except those disclosed already.

13. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11 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 ending June 30, 2022 to its unit holders.

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

14.1 Transactions during the period

	December 31, 2021 (Un-audited)		December 31, 2020 (Un-audited)	
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
----- (Rupees in '000) -----				
HBL Asset Management Limited - Management Company				
Management fee	2,909	1,948	2,588	1,230
Sindh Sales Tax	378	253	336	160
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,454	-	1,294	383
Selling and marketing expense	1,260	-	1,121	-
Habib Bank Limited - Sponsor				
Redemption of 52,743 units (December 31, 2020: Nil units)	5,947	-	-	-
Bank charges	15	-	12	-
Profit earned during the period*	958	-	2,124	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	438	1,100	390	766
CDC Charges	10	11	45	42
Connected person due to 10% holding or more				
Pak Qatar Individual Family Participant Takaful Fund				
Investment of 965,221 Units (Dec 2020: 10,470,576 units)	-	100,000	-	1,100,000
Nil (Dec 2020: Purchase of Dubai Islamic Bank Pakistan Sukuk)	-	-	-	200,120
Nil (Dec 2020: Purchase of Meezan Bank Pakistan Sukuk)	-	-	-	216,036
Nil (Dec 2020: Purchase of Hub Power Co. Ltd Sukuk)	-	-	-	189,739
Purchase of GOP Ijara	-	50,000	-	-
Pak Qatar Investment Company Limited				
Redemption of 965,221 Units	-	100,000	-	-
Pak Qatar Individual Family Participant Investment Fund				
Investment of 485,131 Units (December 2020: 7,977,440 Units)	-	50,000	-	900,000
System Ltd				
Investment of of Nil Units (December 2020: 460,819 Units)	-	-	50,000	-
Executives and their relatives				
Issue of 1,319 units	150	-	-	-
Redemption of 1,319 units	148	-	-	-

* These carry profit rate ranging between 3.60% to 3.80% (June 2021 :3.50% to 3.80%) per annum.

14.2 Amounts outstanding as at period end

	December 31, 2021 (Un-audited)		June 30, 2021 (Audited)	
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1
----- (Rupees in '000) -----				
HBL Asset Management Limited - Management Company				
Management fee	468	332	480	298
Sindh Sales Tax	61	43	62	39
Sales load payable	-	-	27	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	234	-	240	-
Charging of selling and marketing expenses	613	-	624	-
Formation cost	-	215	-	245
Other payable	-	30	-	-
Habib Bank Limited - Sponsor				
Investment held in the Fund :1,351,282 units (June 30, 2021: 1,404,025 units)	152,214	-	158,604	-
Bank balances	2,955	-	160,237	-
Profit receivable on deposits with banks	777	-	1,769	-
HBL Asset Management Limited - Employees Gratuity Fund - Associate				
Investment held in the Fund :4,909 units (June 30, 2021: 4,909 units)	553	-	554	-
HBL Asset Management Limited - Employees Provident Fund - Associate				
Investment held in the Fund : 14,169 units (June 30, 2021 : 14,169 units)	1,596	-	1,601	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	63	166	64	149
Sindh Sales Tax	8	22	8	20
Security deposit	100	100	100	100
Connected person due to 10% holding or more				
System Limited				
Investment held in the fund 470,298 Units (30 June 2021: 470,298 Units)	52,976	-	53,127	-
Pak Qatar Investment Company Limited				
Investment held in the fund 11,236,629 Units (30 June 2021: 12,201,850 Units)	-	1,168,530	-	1,225,211
Pak Qatar Individual Family Participant Takaful Fund				
Investment held in the fund 2,547,991 Units (30 June 2021: 1,582,770 Units)	-	264,973	-	158,929
Pak Qatar Individual Family Participant Investment Fund				
Investment held in the fund 10,560,863 Units (30 June 2021: 10,075,732 Units)	-	1,098,255	-	1,011,723

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Islamic Asset Allocation Fund									
December 31, 2021 (Un-Audited)									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Listed equity securities	110,630	-	-	110,630	110,630	-	-	110,630
	Sukuk bonds	81,831	-	-	81,831	-	81,831	-	81,831
		<u>192,461</u>	<u>-</u>	<u>-</u>	<u>192,461</u>				
Financial assets not measured at fair value 15.1									
	Bank balances	-	-	70,562	70,562				
	Dividend receivable and accrued markup	-	-	2,552	2,552				
	Advances, deposits and other receivables	-	-	2,600	2,600				
	Sukuk bonds	-	-	36,809	36,809				
	Commercial paper	-	-	68,343	68,343				
		<u>-</u>	<u>-</u>	<u>75,714</u>	<u>75,714</u>				
Financial liabilities not measured at fair value 15.1									
	Payable to Management Company	-	-	1,315	1,315				
	Payable to Trustee	-	-	71	71				
	Accrued expenses and other liabilities	-	-	558	558				
		<u>-</u>	<u>-</u>	<u>1,944</u>	<u>1,944</u>				
----- (Rupees in '000) -----									
Islamic Asset Allocation Fund Plan 1									
December 31, 2021 (Un-Audited)									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Sukuk bonds	1,665,200	-	-	1,665,200	-	1,665,200	-	1,665,200
	GoP Ijara Sukuks	48,000	-	-	48,000	-	48,000	-	48,000
		<u>1,665,200</u>	<u>-</u>	<u>-</u>	<u>1,665,200</u>				
Financial assets not measured at fair value 15.1									
	Bank balances	-	-	857,637	857,637				
	Dividend receivable and accrued markup	-	-	32,466	32,466				
	Advances, deposits and other receivables	-	-	6,228	6,228				
		<u>-</u>	<u>-</u>	<u>896,331</u>	<u>896,331</u>				
Financial liabilities not measured at fair value 15.1									
	Payable to Management Company	-	-	577	577				
	Payable to Trustee	-	-	188	188				
	Accrued expenses and other liabilities	-	-	335	335				
		<u>-</u>	<u>-</u>	<u>1,288</u>	<u>1,288</u>				

Islamic Asset Allocation Fund							
June 30, 2021 (Audited)							
Carrying Amount				Fair Value			
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments							
Financial assets measured at fair value							
Listed equity securities	112,288	-	112,288	112,288	-	-	112,288
GoP Ijara Sukuks	9,226	-	9,226	-	9,226	-	9,226
Sukuk bonds	49,843	-	49,843	-	49,843	-	49,843
	<u>171,357</u>	<u>-</u>	<u>171,357</u>				
Financial assets not measured at fair value							
Bank balances	-	164,167	164,167				
Dividend receivable and accrued mark-up	-	3,301	3,301				
Advances, deposits and other receivables	-	2,600	2,600				
Term finance certificates and sukuk bonds	-	35,069	35,069				
Commercial paper	-	24,787	24,787				
	<u>-</u>	<u>229,924</u>	<u>229,924</u>				
Financial liabilities not measured at fair value 15.1							
Payable to Management Company	-	480	480				
Payable to Trustee	-	72	72				
Accrued expenses and other liabilities	-	682	682				
	<u>-</u>	<u>1,234</u>	<u>1,234</u>				

Islamic Asset Allocation Fund Plan 1							
June 30, 2021 (Audited)							
Carrying Amount				Fair Value			
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments							
Financial assets measured at fair value							
Sukuk bonds	1,514,696	-	1,514,696	-	1,514,696	-	1,514,696
GoP Ijara Sukuks	497,400	-	497,400	-	497,400	-	497,400
	<u>2,012,096</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				
Advances, deposits and other receivables	-	100	100				
	<u>-</u>	<u>466,591</u>	<u>466,591</u>				
Financial liabilities not measured at fair value 15.1							
Payable to Management Company	-	543	543				
Payable to Trustee	-	169	169				
Accrued expenses and other liabilities	-	360	360				
	<u>-</u>	<u>1,072</u>	<u>1,072</u>				

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

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

16. TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2021 is 1.83% and 0.17% of IAAF and IAAF Plan-1 (December 31, 2020 : 2.01% and 0.28%) which includes 0.12% and 0.03% (December 31, 2020 : 0.27% and 0.09%) representing government levy, Sindh Workers Welfare Fund and SECP fee.

17. CORRESPONDING FIGURES

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

18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 11, 2022.

19. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

Islamic Stock Fund

FUND INFORMATION

Name of Fund	HBL Islamic Stock Fund
Name of Auditor	A.F.Ferguson & CO., Chartered Accountants, is a member firm of the PwC network
Name of Trustee	Central Depository Company of Pakistan Limited (CDC)
Name of Shariah Advisors	Al - Hilal Shariah Advisors (Pvt.) Limited
Bankers	Habib Bank Limited Dubai Islamic Bank Limited Bank Islamic Pakistan Limited Bank Al Baraka Limited

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC STOCK FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 24, 2022





REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Stock Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2021. The Management Company (HBL Asset Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

Scope of Review

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

Conclusion

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

Other matter

The condensed interim financial statements of the Fund for the half year ended December 31, 2020 were reviewed and the financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 22, 2021 and September 27, 2021 respectively.

A.F. Ferguson & Co.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Noman Abbas Sheikh**
Date: February 24, 2022
Karachi

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

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HBL Islamic Stock Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2021

		(Un-Audited) December 31 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	40,893	40,776
Investments	5	631,643	749,065
Dividend and profit receivable		296	212
Receivable against sale of investment		1,259	1,183
Advances, deposits, prepayments and other receivables		3,667	7,470
Total assets		677,758	798,706
LIABILITIES			
Payable to the HBL Asset Management Limited - Management Company	6	3,172	2,714
Payable to the Central Depository Company of Pakistan Limited - Trustee	7	121	148
Annual fee payable to the Securities and Exchange Commission of Pakistan	8	68	136
Payable against purchase of investments		7,390	16,262
Payable against redemption of units		18,354	-
Dividend payable		-	-
Accrued expenses and other liabilities	9	8,384	18,976
Total liabilities		37,489	38,236
NET ASSETS		640,269	760,470
Unit holders' fund (as per statement attached)		640,269	760,470
Contingencies and commitments	10		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		5,967,470	6,133,599
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		107.2932	123.9843

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Income Statement and Other Comprehensive Income (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	Half year ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
(Rupees in '000)					
INCOME					
Dividend income		11,456	13,885	8,201	11,984
Profit on bank deposits		1,567	1,143	750	514
(Loss) / gain on sale of investments - net		(35,772)	53,121	(37,756)	26,494
		(22,749)	68,149	(28,805)	38,992
Unrealised (diminution) / appreciation on re-measurement of investments classified at ' fair value through profit or loss'	5.2	(64,230)	72,464	10,466	28,093
Total income		(86,979)	140,613	(18,339)	67,085
EXPENSES					
Remuneration of HBL Asset Management Limited - Management Company	6.1 & 6.2	7,673	6,545	3,599	3,525
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	767	654	360	353
Annual fee to Securities and Exchange Commission of Pakistan		68	58	32	31
Selling and marketing expenses	6.3	3,565	3,041	1,672	1,638
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.4	1,867	1,593	876	858
Securities transaction costs		1,593	2,504	1,018	1,277
Auditors' remuneration		207	186	116	93
Settlement and bank charges		294	327	160	130
Shariah advisory fee		102	85	51	51
Fees and subscription		86	13	46	7
Haram income expense		573	694	410	597
Printing and stationery		45	-	45	-
		16,840	15,700	8,385	8,559
Net (loss) / income from operating activities		(103,819)	124,913	(26,724)	58,526
Reversal of provision for / (provision for) Sindh Workers' Welfare Fund	9.2	9,507	(2,498)	-	(1,170)
Net (loss) / income for the period before taxation		(94,312)	122,415	(26,724)	57,357
Taxation	12	-	-	-	-
Net (loss) / income for the period after taxation		(94,312)	122,415	(26,724)	57,357
Income already paid on redemption of units		-	24,907	-	9,201
Accounting income available for distribution:					
- Relating to capital gains		-	97,508	-	48,155
- Excluding capital gains		-	-	-	-
		-	97,508	-	48,155
		(94,312)	122,415	(26,724)	57,357

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,		Quarter ended, December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(94,312)	122,415	(26,724)	57,357
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(94,312)	122,415	(26,724)	57,357

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Statement of Movement in Unit Holders' Fund
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31, 2021			Half year ended December 31, 2020		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
-----Rupees in '000'-----						
Net assets at the beginning of the period (audited)	997,150	(236,680)	760,470	867,824	(312,808)	555,016
Issuance of 2,015,516 units (2020: 9,443,650 units)						
- Capital value (at net asset value per unit at the beginning of the period)	249,894	-	249,894	884,476	-	884,476
- Element of loss	(24,711)	-	(24,711)	138,861	-	138,861
Total proceeds on issuance of units	225,183	-	225,183	1,023,337	-	1,023,337
Redemption of 2,181,645 units (2020: 8,852,150 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(270,490)	-	(270,490)	(829,078)	-	(829,078)
- Element of loss	19,418	-	19,418	(83,351)	-	(83,351)
- Income already paid on redemption	-	-	-	-	(24,907)	(24,907)
Total payments on redemption of units	(251,072)	-	(251,072)	(912,429)	(24,907)	(937,336)
Total comprehensive (loss) / income for the period	-	(94,312)	(94,312)	-	122,415	122,415
Distribution for the period	-	-	-	-	-	-
Net (loss) / income for the period less distribution	-	(94,312)	(94,312)	-	122,415	122,415
Net assets at the end of the period (un-audited)	971,261	(330,992)	640,269	978,732	(215,300)	763,432
Accumulated loss brought forward comprising of:						
- Realised		(276,912)			(317,819)	
- Unrealised		40,232			5,011	
		(236,680)			(312,808)	
Accounting income available for distribution						
- Relating to capital gains		-			97,508	
- Excluding capital gains		-			-	
Net income available for distribution		-			97,508	
Net loss for the period after taxation		(94,312)				
Distribution during the period		-			-	
Accumulated loss carried forward		(330,992)			(215,300)	
Accumulated loss carried forward comprising of:						
- Realised		(266,762)			(287,764)	
- Unrealised		(64,230)			72,464	
		(330,992)			(215,300)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		123.9843			93.6583	
Net assets value per unit at end of the period		107.2932			117.1364	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Condensed Interim Cash Flow Statement (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,	
	2021	2020
Note	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / net income for the period before taxation	(94,312)	122,415
Adjustments		
Loss / (gain) on sale of investments - net	35,772	(53,121)
Dividend Income	(11,456)	(13,885)
Profit on bank deposits	(1,567)	(1,143)
Unrealised diminution / (appreciation) on re-measurement of investments classified at 'fair value through profit or loss'	64,230	(72,464)
(Reversal of provision for) / provision for Sindh Workers' Welfare Fund	(9,507)	2,498
	(16,840)	(15,700)
Decrease / (increase) in assets		
Investments - net	17,420	(75,286)
Receivable against sale of equity instruments	(76)	(19,804)
Advances, deposits, prepayments and other receivables	3,803	(14)
	21,147	(95,103)
Increase in liabilities		
Payable to the HBL Asset Management Limited - Management Company	458	857
Payable to the Central Depository Company of Pakistan Limited - Trustee	(27)	40
Annual fee payable to the Securities and Exchange Commission of Pakistan	(68)	(58)
Payable against payable of equity instruments	(8,872)	8,643
Payable against redemption of units	18,354	-
Dividend Payable	-	(815)
Accrued expenses and other liabilities	(1,084)	(109)
	8,761	8,558
Mark-up received on bank deposits	1,494	1,304
Dividend received	11,444	11,496
	12,938	12,800
Net cash generated from / (used in) operating activities	26,006	(89,445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	225,183	1,023,337
Payment against redemption of units	(251,072)	(937,336)
Net cash (used in) / generated from financing activities	(25,889)	86,001
Net decrease in cash and cash equivalents	117	(3,444)
Cash and cash equivalents at beginning of the period	40,776	34,983
Cash and cash equivalents at end of the period	13 40,893	31,539

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund

Notes to the Condensed Interim Financial Information (Unaudited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on November 23, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 10, 2010.

During the current period the Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 shariah compliant 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.

The VIS Credit Rating Company Limited has assigned the asset manager rating of AM2++ (2020: AM2++ on December 31, 2020) to the Management Company on December 31, 2021. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Accounting Standard (IAS) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- 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 the requirements of the Trust Deed.

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

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

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the Non-Banking finance Companies (NBFC) and Notified Entities Regulations, 2008 the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements 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 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by the management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2022. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

			(Un-Audited) December 31, 2021	(Audited) June 30, 2021
			----- (Rupees in '000) -----	
4	BANK BALANCES	Note		
	Balances with banks in:			
	- saving accounts	4.1	40,893	40,776
4.1	These include a balance of Rs 29.249 million (June 30, 2021: Rs 10.627 million) maintained with Habib Bank Limited (a related party) that carries profit rate of 5.00% per annum (June 30, 2021: 5.00%). Other saving accounts of the Fund carry profit rate of 5.00% to 11.04% per annum (June 30, 2021: 4.50% to 6.75% per annum).			

5	INVESTMENTS	Note	(Un-Audited)	(Audited)
			December 31, 2021	June 30, 2021
			----- (Rupees in '000) -----	
	At fair value through profit or loss			
	- Listed equity securities	5.1	<u>631,643</u>	<u>749,065</u>

5.1 Listed equity securities at fair value through profit or loss

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

Name of the Investee Company	As at July 01, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2021	Carrying Value as at December 31 2021	Market value as at December 31, 2021	Unrealized Gain/(Loss) as at 31 December 2021	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
									Total Investments	Net Assets	
					(Number of shares)	Rupees in '000'		(%)			
Glass and Ceramics											
Shabbir Tiles and Ceramics Limited	-	117,000	-	-	117,000	3,116	2,731	(385)	0.43%	0.43%	0.10
	-	117,000	-	-	117,000	3,116	2,731	(385)			
Textile composite											
Interloop Limited	244,250	44,500	7,327	113,000	183,077	12,403	13,308	904	2.11%	2.08%	0.02
Kohinoor Textile Mills Limited	210,000	15,000	-	-	225,000	16,846	15,620	(1,226)	2.47%	2.44%	0.08
Nishat Mills Ltd	45,100	26,000	-	-	71,100	6,561	5,658	(903)	0.90%	0.88%	0.02
	499,350	85,500	7,327	113,000	479,177	35,810	34,586	(1,224)			
Cement											
Attock Cement Pakistan Limited	164,300	88,200	-	-	252,500	42,689	35,087	(7,602)	5.55%	5.48%	0.18
Cherat Cement Company Limited	52,000	-	-	52,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	95,100	-	-	95,100	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	560,000	-	560,000	-	-	-	-	-	-	-
Kohat Cement Limited	72,490	-	-	10,500	61,990	12,800	11,691	(1,109)	1.85%	1.83%	0.02
Lucky Cement Limited	81,050	28,000	-	22,200	86,850	71,294	58,995	(12,298)	9.34%	9.21%	0.02
Maple Leaf Cement Factory Limited	400,000	652,000	-	509,000	543,000	21,460	19,521	(1,939)	3.09%	3.05%	0.15
Thatta Cement Company Limited	425,000	-	-	425,000	-	-	-	-	-	-	-
Pioneer Cement Limited	74,000	5,000	-	74,000	5,000	455	444	(11)	0.07%	0.07%	0.00
	1,363,940	1,333,200	-	1,747,800	949,340	148,698	125,739	(22,960)			
Power generation & distribution											
Hub Power Company Limited	377,841	82,000	-	133,000	326,841	25,763	23,317	(2,446)	3.69%	3.64%	0.03
	377,841	82,000	-	133,000	326,841	25,763	23,317	(2,446)			
Engineering											
Agha Steel Industries Limited	456,000	25,000	16,700	256,500	241,200	7,595	6,312	(1,283)	1.00%	0.99%	0.04
International Industries Limited	72,200	-	-	72,200	-	-	-	-	-	-	-
Amreli Steels Limited	-	205,000	-	59,500	145,500	5,589	6,513	923	1.03%	1.02%	0.05
Aisha Steel Mills Limited	306,500	-	-	306,500	-	-	-	-	-	-	-
International Steels Limited	83,000	-	-	83,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	165,560	221,500	30,609	61,100	356,569	33,411	37,122	3,711	5.88%	5.80%	0.11
	1,083,260	451,500	47,309	838,800	743,269	46,595	49,947	3,352			
Automobile assembler											
Ghandhara Industries Limited	-	36,800	-	17,000	19,800	4,579	3,500	(1,080)	0.55%	0.55%	0.05
Pak Suzuki Motor Company Limited	22,600	-	-	22,600	-	-	-	-	-	-	-
	22,600	36,800	-	39,600	19,800	4,579	3,500	(1,080)			
Cable & electrical goods											
Pak Elektron Limited	242,500	130,000	-	150,000	222,500	7,269	5,011	(2,258)	0.79%	0.78%	0.04
Waves Singer Pakistan Limited	282,000	61,500	-	343,500	-	-	-	-	-	-	-
	524,500	191,500	-	493,500	222,500	7,269	5,011	(2,258)			
Transport											
Pakistan National Shipping Corp Limited	-	194,000	-	194,000	-	-	-	-	-	-	-
	-	194,000	-	194,000	-	-	-	-			
Pharmaceuticals											
AGP Limited	-	15,000	-	-	15,000	1,695	1,455	(240)	0.23%	0.23%	0.01
Ferozsons Laboratories Limited	-	46,000	-	8,800	37,200	14,435	12,121	(2,314)	1.92%	1.89%	0.11
Abbott Laboratories (Pak) Limited	-	11,700	-	-	11,700	8,992	8,395	(598)	1.33%	1.31%	0.01
Highnoon Laboratories Limited	-	10,000	-	2,000	8,000	4,984	5,023	39	0.80%	0.78%	0.02
The Searle Company Limited	1,827	48,000	548	-	50,375	7,176	7,240	64	1.15%	1.13%	0.02
	1,827	130,700	548	10,800	122,275	37,282	34,233	(3,049)			
Food & personal care products											
Al Shaheer Corporation	-	150,000	-	150,000	-	-	-	-	-	-	-
Unity Foods Limited	518,000	568,000	-	70,000	1,016,000	39,539	26,894	(12,645)	4.26%	4.20%	0.10
Unity Foods Limited LOR3	-	204,416	-	51,000	153,416	-	163	163	0.03%	0.03%	0.08
	518,000	922,416	-	271,000	1,169,416	39,539	27,056	(12,483)			

Name of the Investee Company	As at July 01, 2021	Purchases during the period	Bonus / Rights issue	Sales during the period	As at December 31, 2021	Carrying Value as at 31 December 2021	Market value as at December 31, 2021 Rupees in '000'	Unrealized Gain/(Loss) as at 31 December 2021	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
									Total Investments	Net Assets	
						(Number of shares)		Rupees in '000'		(%)	
Food & personal care products											
The Organic Meat Company Limited	670,850	624,000	62,635	454,000	903,485	29,991	28,668	(1,324)	4.54%	4.48%	0.73
	670,850	624,000	62,635	454,000	903,485	29,991	28,668	(1,324)			
Oil & gas exploration companies											
Mari Petroleum Company Limited	15,579	9,000	-	1,800	22,779	35,572	37,682	2,109	5.97%	5.89%	0.02
Oil & Gas Development Company Limited	694,400	227,000	-	388,500	532,900	48,053	45,936	(2,117)	7.27%	7.17%	0.01
Pakistan Oilfields Limited	20,000	15,000	-	15,557	19,443	7,466	6,953	(513)	1.10%	1.09%	0.01
Pakistan Petroleum Limited	627,386	421,000	-	630,086	418,300	32,362	33,062	700	5.23%	5.16%	0.02
	1,357,365	672,000	-	1,035,943	993,422	123,454	123,633	179			
Oil & gas marketing companies											
Pakistan State Oil Company Limited	165,296	49,000	-	9,000	205,296	44,101	37,341	(6,760)	5.91%	5.83%	0.04
Attock Petroleum Limited	-	19,000	-	-	19,000	6,289	5,966	(323)	0.94%	0.93%	0.02
Sui Northern Gas Pipeline Limited	-	154,000	-	-	154,000	7,226	5,151	(2,074)	0.82%	0.80%	0.02
	165,296	222,000	-	9,000	378,296	57,616	48,459	(9,158)			
Refinery											
Attock Refinery Limited	37,000	6,000	-	25,951	17,049	4,021	2,456	(1,566)	0.39%	0.38%	0.02
National Refinery Limited	54,500	24,000	-	18,500	60,000	27,239	17,075	(10,164)	2.70%	2.67%	0.08
Chengalpattu Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
	91,500	530,000	-	544,451	77,049	31,260	19,531	(11,729)			
Commercial banks											
BankIslami Pakistan Limited	1,059,500	754,000	-	330,000	1,483,500	18,600	19,004	403	3.01%	2.97%	0.13
Meezan Bank Limited	292,131	107,000	33,769	90,000	342,900	39,132	45,986	6,854	7.28%	7.18%	0.02
	1,351,631	861,000	33,769	420,000	1,826,400	57,733	64,990	7,257			
Fertilizer											
Engro Corporation Limited	132,500	62,000	-	194,500	-	-	-	-	-	-	-
Engro Fertilizers Limited	-	80,000	-	80,000	-	-	-	-	-	-	-
	132,500	142,000	-	274,500	-	-	-	-	-	-	-
Chemical											
Engro Polymer & Chemicals Limited	-	117,000	-	117,000	-	-	-	-	-	-	-
Descon Oxychem Limited	-	579,000	-	186,000	393,000	9,502	9,039	(463)	1.43%	1.41%	0.22
Nimir Resins Limited (5)	350,000	300,000	-	650,000	-	-	-	-	-	-	-
Nimir Resins Limited	-	638,500	-	638,500	21,067	12,042	(9,025)	1.91%	1.88%	0.45	
	350,000	1,634,500	-	953,000	1,031,500	30,569	21,081	(9,488)			
Automobile parts & accessories											
Panther Tyres Limited	316,160	-	-	316,160	-	-	-	-	-	-	-
	316,160	-	-	316,160	-	-	-	-	-	-	-
Technology & communication											
Avanceon Limited	209,400	58,500	-	215,000	52,900	5,674	4,820	(854)	0.76%	0.75%	0.02
TRG Pakistan Limited	-	90,300	-	90,300	-	-	-	-	-	-	-
WorldCall Telecom Limited	600,000	-	-	600,000	-	-	-	-	-	-	-
Airlink Communications Limited	-	195,075	7,655	202,730	-	-	-	-	-	-	-
Octopus Digital Limited	-	6,500	-	-	6,500	450	505	55	0.08%	0.08%	0.00
Systems Limited	20,810	3,000	-	5,600	18,210	10,472	13,837	3,365	2.19%	2.16%	0.01
	830,210	353,375	7,655	1,113,630	77,610	16,597	19,162	2,566			
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	117,101	-	117,101	-	-	-	-	-	-	-
	-	117,101	-	117,101	-	-	-	-	-	-	-
Total as at December 31, 2021						<u>695,872</u>	<u>631,643</u>	<u>(64,230)</u>			
Total as at June 30, 2021						<u>708,833</u>	<u>749,065</u>	<u>40,232</u>			

5.1.1 The above investments include shares of the following companies which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 of 2007 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

Particular	(Un-audited)		(Audited)	
	December 31, 2021		June 30, 2021	
	Number of shares	Rupees in '000	Number of shares	Rupees in '000
Attock Cement Pakistan Limited	150,000	20,844	-	-
The Hub Power Company Limited	200,000	14,268	200,000	15,934
Lucky Cement Limited	32,000	21,737	37,000	31,947
Oil and Gas Development Company	300,000	25,860	250,000	23,758
Pakistan State Oil Company Limited	40,000	7,276	40,000	8,970
Mari Petroleum Company Limited	5,000	8,271	5,000	7,622
Mughal Iron and Steel Industries Limited	100,000	10,411	-	-
Pakistan Petroleum Limited	-	-	300,000	26,049
	<u>827,000</u>	<u>108,667</u>	<u>832,000</u>	<u>114,280</u>

The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposit tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which were already pending or to be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to continue. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 the Honourable High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2021, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

Name of the Company	(Un-audited)		(Audited)	
	December 31, 2021		June 30, 2021	
	Bonus shares			
	Number of shares withheld	Rupees in '000	Number of shares withheld	Rupees in '000
The Searle Company Limited	2,375	341	1,827	443
Pakistan State Oil Company Limited	850	155	850	191
	<u>3,225</u>	<u>496</u>	<u>2,677</u>	<u>634</u>

		(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
5.2	Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss		
	Market value of investments	631,643	749,065
	Less: carrying value of investments before mark to market	(695,873)	(708,833)
		<u>(64,230)</u>	<u>40,232</u>

6 PAYABLE TO THE HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee payable	6.1	1,049	1,310
Sindh Sales Tax payable on remuneration of the Management Company	6.2	157	170
Sales load payable		-	8
Selling and marketing payable	6.3	1,673	866
Allocated expenses	6.4	293	360
		<u>3,172</u>	<u>2,714</u>

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 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets of the Fund. The management fee expense was charged by Management Company at the rate of 2% (June 2021: 2%) during the period.

6.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2021: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

6.3 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, the SECP through its Circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company based on its discretion has currently determined a capping of 1.05% (June 30, 2021, 1.05% of the average annual net assets) of the Fund for charging of selling and marketing expenses which has also been approved by the Board of Directors of the Management Company.

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

The Management Company based on its discretion has charged 0.55% of the average annual net assets of the Fund during the period ended December 31, 2021 (June 30, 2021: 0.55%).

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
7	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE		
	Remuneration payable to the Trustee	107	131
	Sindh Sales Tax payable on remuneration of the Trustee	14	17
		<u>121</u>	<u>148</u>

7.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the period, the tariff is as follows:

Tariff structure	
Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.02% of the net assets or Rs. 700,000 per annum whichever is higher
- From Rs 1,000 million to Rs 5,000 million	Rs. 2.0 million plus 0.10% exceeding Rs. 1,000 million

7.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2021: 13% on the remuneration of Trustee through the Sindh Sales Tax on Services Act, 2011.

	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees in '000) -----
8	ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	
	Annual fee	<u>68</u> <u>136</u>

8.1 In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay an annual fee to the SECP. As per the guideline issued by SECP vide its SRO no. 685(1)/2019 dated June 28, 2019, the Fund has recognised SECP fee at the rate of 0.02% (June 30, 2021: 0.02%)

	Note	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees in '000) -----	
9	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Federal Excise Duty	6,785	6,785
	Provision for Sindh Workers' Welfare Fund	-	9,507
	Charity payable	573	1,485
	Withholding tax payable	-	-
	Auditors' remuneration	204	258
	Payable to brokers	688	345
	Other payables	134	596
		<u>8,384</u>	<u>18,976</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 6.785 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re. 1.137 (June 30, 2021: Re. 1.106)

9.2 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). However, the Fund had recorded provision in respect of SWWF with effect from July 1, 2014.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from July 1, 2014 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

9.3 In accordance with the instructions of the Shariah Advisor(s), any income earned by the Fund from investments whereby the portions of the investment of the investee company has been made in Shariah non-compliant avenues, such portion of the income of the Fund from those investments should be given away for charitable purposes directly by the Fund.

10 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

11 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund as at December 31,2021 based on current period results is 2.42%, which includes 0.19% representing government levies on the fund (2020: 3.05% which includes 0.59% representing government levies) and annual fee to SECP. This ratio is within maximum limit of 4.5% prescribed under NBFC Regulation for a collective Investment Scheme categorised as Equity Fund.

12 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realized or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred net loss during the current period, therefore no provision for taxation has been made in these condensed interim financial statements.

		(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
13 CASH AND CASH EQUIVALENTS			
Balances with banks in:			
- saving account	4	<u>40,893</u>	<u>31,539</u>

14 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.

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

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

Accounting and operational charges and selling and marketing charges are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

		(Un-Audited) Half year ended December 31,	
		2021	2020
		----- (Rupees in '000) -----	
14.1	Transactions during the period		
	HBL Asset Management Limited - Management Company		
	Management fee including sales tax thereon	7,673	6,545
	Allocation of expenses related to registrar services, accounting, operation and valuation services	1,867	1,593
	Selling and marketing expenses	3,565	3,041
	Habib Bank Limited - Sponsor		
	Bank charges paid	40	42
	Bank profit	241	286
	Executives and their relatives		
	Issue of 49,935 units (2020: 61,498 units)	5,602	6,579
	Redemption 22,090 units (2020: 47,844 units)	2,315	5,162
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration including sales tax thereon	767	654
	Central Depository services charges	48	112
	MCBFSL - HBL Financial Planning Fund Active Allocation Plan - Trustee		
	Redemption Nil units (2020: 28,059 units)	-	3,087
		(Un-Audited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees in '000) -----	
14.2	Balances outstanding as at period / year end		
	HBL Asset Management Limited - Management Company		
	Management fee	1,049	1,310
	Sindh Sales Tax on Management Company's remuneration	157	170
	Sales load payable	-	8
	Selling and marketing payable	1,673	866
	Allocation of expenses related to registrar services, accounting, operation and valuation services	293	360
	Habib Bank Limited - Sponsor		
	Investment held in the Fund 2,539,414 units (June 30, 2021: 2,539,414 units)	272,462	314,848
	Bank balances	29,249	10,627
	Profit receivable	63	23
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration payable including sales tax thereon	121	148
	Security deposit	100	100
	Executives and their relatives		
	Investment held in the Fund: 46,303 units (June 30, 2021: 18,458 units)	4,968	2,289

16.2 In March 2020, the World Health Organisation ('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 December 31, 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.

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 11, 2022 .

**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 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 National Bank of Pakistan

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC INCOME FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 24, 2022



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF HBL ISLAMIC INCOME FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Income Fund** (the "Fund") as at December 31, 2021, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows and notes to the condensed interim financial information for the six months period ended December 31, 2021 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

The condensed interim financial information for the six months period ended December 31, 2020 and the annual financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of chartered accountants, whose review report dated February 10, 2021 and audit report dated September 27, 2021, expressed an unmodified opinion respectively.

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


Chartered Accountants

Place: Karachi
Date: February 23, 2022

HBL Islamic Income Fund
Condensed Interim Statement Of Assets And Liabilities (Unaudited)
AS AT DECEMBER 31, 2021

		December 31, 2021 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2021 (Audited)
ASSETS			
Bank balances	4	497,517	564,308
Investments	5	921,924	471,528
Profit / markup receivable		12,918	22,389
Deposits and prepayments		240	347
TOTAL ASSETS		1,432,599	1,058,572
LIABILITIES			
Payable to the Management Company	6	1,913	2,172
Payable to the Trustee	7	102	79
Payable to Securities and Exchange Commission of Pakistan		129	261
Dividend payable		233	233
Payable against redemption of units		6,891	10,399
Accrued expenses and other liabilities	8	2,200	25,249
TOTAL LIABILITIES		11,468	38,393
NET ASSETS		1,421,131	1,020,179
UNIT HOLDERS' FUND (AS PER CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)		1,421,131	1,020,179
Contingencies and commitments	9	----- (Number of units) -----	
Number of units in issue		13,281,988	10,026,337
		----- (Rupees) -----	
Net assets value per unit		106.9969	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 (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six months period ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Note	(Rupees in '000)			
Income				
Capital loss on sale of investments - net	(959)	(263)	(365)	(263)
Income from corporate sukuk bonds	17,083	20,872	9,576	10,072
Income from placements	12,222	1,202	8,150	310
Profit on bank deposits	23,919	27,997	12,423	10,139
	52,265	49,808	29,784	20,258
Unrealised gain / (loss) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6,148	(3,815)	779	(1,799)
	58,413	45,993	30,563	18,459
Expenses				
Remuneration of the Management Company	8,298	9,686	4,195	4,071
Sindh Sales Tax on remuneration of the Management Company	1,079	1,259	546	529
Remuneration of the Trustee	484	525	262	221
Sindh Sales Tax on remuneration of the Trustee	63	68	34	28
Annual fee to Securities and Exchange Commission of Pakistan	129	140	70	59
Allocation of expenses related to registrar services, accounting, operation and valuation services	655	699	274	294
Selling and marketing expense	1,133	1,399	456	588
Auditors' remuneration	119	119	60	60
Fees and subscription	133	133	41	41
Security transaction costs and settlement	39	74	4	33
Bank charges	70	99	35	45
Shariah advisory charges	102	107	48	107
	12,304	14,308	6,025	6,076
Net income for the period from operating activities	46,109	31,685	24,538	12,383
Reversal / (Provision) for Sindh Workers' Welfare Fund	8.2 16,683	(634)	-	(248)
Net income for the period before taxation	62,792	31,051	24,538	12,135
Taxation	10 -	-	-	-
Net income for the period after taxation	62,792	31,051	24,538	12,135
Allocation of net income for the period				
Income already paid on redemption of units	16,352	8,142	10,394	4,917
Accounting income available for distribution:				
Relating to capital gains	3,193	-	(642)	-
Excluding capital gains	43,247	22,909	14,786	7,218
	46,440	22,909	14,144	7,218
	62,792	31,051	24,538	12,135
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 COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six months ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	62,792	31,051	24,538	12,135
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	62,792	31,051	24,538	12,135

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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six months period ended December 31,					
	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	1,417,621
Issuance of 11,889,484 units (2020: 11,483,230 units)						
Capital value (at net asset value per unit at the beginning of the period)	1,209,755	-	1,209,755	1,168,375	-	1,168,375
Element of income	35,431	-	35,431	7,253	-	7,253
Total proceeds on issuance of units	1,245,186	-	1,245,186	1,175,628	-	1,175,628
Redemption of 8,633,832 units (2020: 14,429,851 units)						
Capital value (at net asset value per unit at the beginning of the period)	(878,492)	-	(878,492)	(1,467,545)	-	(1,467,545)
Income already paid on redemption of units	-	(16,352)	(16,352)	-	(8,142)	(8,142)
Element of Income	(12,182)	-	(12,182)	(3,977)	-	(3,977)
Total payments on redemption of units	(890,674)	(16,352)	(907,026)	(1,471,522)	(8,142)	(1,479,664)
Total comprehensive income for the period	-	62,792	62,792	-	31,051	31,051
Net assets at end of the period	1,320,806	100,325	1,421,131	1,067,376	77,259	1,144,636
Undistributed income brought forward						
Realised income	52,705			60,263		
Unrealised loss	1,180			(5,913)		
	53,885			54,350		
Accounting income available for distribution						
Relating to capital gains	3,193			-		
Excluding capital gains	43,247			22,909		
	46,440			22,909		
Total comprehensive loss for the period	-			-		
Undistributed income carried forward	100,325			77,259		
Undistributed income carried forward						
Realised income	94,177			81,074		
Unrealised loss	6,148			(3,815)		
	100,325			77,259		
			Rupees			Rupees
Net assets value per unit at beginning of the period			101.7500			101.5300
Net assets value per unit at end of the period			106.9969			103.9069

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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six months period ended	
	December 31,	
Note	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	62,792	31,051
Adjustments for:		
Capital loss on sale of investments - net	959	263
Income from corporate sukuk bonds	(17,083)	(20,872)
Income from placements	(12,222)	(1,202)
Profit on bank deposits	(23,919)	(27,997)
Unrealised Gain / (loss) on re-measurement of investments classified as financial asset at fair value through profit or loss - net	(6,148)	3,815
	4,379	(14,942)
(Increase) / Decrease in assets		
Investments - net	(445,207)	115,915
Deposits and prepayments	107	7,605
	(445,100)	123,520
Increase / (Decrease) in liabilities		
Payable to the Management Company	(259)	(578)
Payable to the Trustee	23	(23)
Payable to Securities and Exchange Commission of Pakistan	(132)	(188)
Accrued expenses and other liabilities	(23,049)	(12,703)
	(23,417)	(13,492)
Cash (used in) / generated from operations	(464,137)	95,086
Income from corporate sukuk bonds received	20,799	28,417
Income from placements received	12,222	4,267
Profit received on bank deposits	29,673	33,054
	62,694	65,738
Net cash (used in) / generated from operating activities	(401,443)	160,824
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	1,245,186	1,175,628
Amount paid on redemption of units	(910,534)	(1,478,299)
Dividend paid	-	(220)
Net cash generated from / (used in) financing activities	334,652	(302,891)
Net decrease in cash and cash equivalents during the period	(66,791)	(142,067)
Cash and cash equivalents at beginning of period	564,308	827,655
Cash and cash equivalents at end of the period	497,517	685,588

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 HALF YEAR ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM2++' (Stable outlook) to the Management Company and assigned stability rating of A+(f) to the Fund as at December 31, 2021.

Pursuant to the enactment of the Sindh Trusts Act, 2020 (as amended vide Sindh Trusts (Amended) Act, 2021), the Trusts including Collective Investment Schemes, Private Funds, etc, being Specialized Trusts are required to be registered with the Assistant Directorate of Industries and Commerce (Trust Wing), Government of Sindh under Section 12 of the Sindh Trusts Act, 2020. In this regard, the Pension Fund Manager submitted restated Trust Deed of the Fund which was duly registered on August 17, 2021

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.2 This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended June 30, 2021.

2.1.3 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2021, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the six months period ended December 31, 2020.

- 2.1.4 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed.
- 2.1.5 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2021.
- 2.1.6 This condensed interim financial information is presented in Pakistani Rupees which is the Fund's functional and presentation currency.
3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN
- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2021, unless otherwise stated.
- 3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.
- 3.4 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that became effective during the period under review and are mandatory for the Fund's accounting period. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.
- 3.5 The fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

		December 31, 2021	June 30, 2021
		(Un-Audited)	(Audited)
	Note	(Rupees in '000)	
4	BANK BALANCES		
	Cash at bank		
	In PLS savings accounts	4.1 495,567	555,623
	In current accounts	1,950	8,685
		<u>497,517</u>	<u>564,308</u>
4.1	This represents bank accounts held with various banks. Profit rates on these accounts range between 6.54% to 10.60% per annum (June 30, 2021: 5.9% to 6.9% per annum). This includes a balance held by Habib Bank Limited (a related party), amounting to Rs. 111.463 million (June 30, 2021: Rs. 555 million) on which return is earned at 8.64% (June 30, 2021: 6.54% per annum).		
		Note	December 31, 2021 (Un-Audited)
			June 30, 2021 (Audited)
		(Rupees in '000)	
5.	INVESTMENTS		
	Financial assets		
	At fair value through profit or loss	5.1 456,455	330,254
	At amortised cost	5.2 465,469	141,274
		<u>921,924</u>	<u>471,528</u>
5.1	Financial assets at fair value through profit or loss		
	Corporate sukuk bonds	5.1.1 456,455	330,254
	GoP Ijara sukuk Certificates	5.1.4 -	-
		<u>456,455</u>	<u>330,254</u>

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

Name of the Investee Company	Number of units				As at December 31, 2021			Market value as at percentage of	
	As at July 1, 2021	Purchases during the period	Sales during the period	As at December 31, 2021	Market value	Carrying value	Un-realised Gain / (Loss)	Total investments	Net assets
(Rupees in '000)									
Corporate sukuk bonds-Listed									
International Brands Limited	1,100	-	1,100	-	-	-	-	0.00	0.00
Agha Steel Industries Limited	95	-	-	95	94,462	93,391	1,071	0.10	0.07
	1,195	-	1,100	95	94,462	93,391	1,071	0.10	0.07
Corporate sukuk bonds - Un-Listed									
AGP Limited	992	-	992	-	-	-	-	0.00	0.00
OBS AGP Private Limited	-	750	-	750	75,000	75,000	-	0.08	0.05
Dubai Islamic Bank Limited	54	-	-	54	55,809	55,510	299	0.06	0.04
Ghani Gases Limited	1,530	-	200	1,330	45,885	40,838	5,047	0.05	0.03
Hub Power Company Limited	350	160	160	350	35,875	35,840	35	0.04	0.03
TPL Corporation Limited	19	12	-	31	29,424	29,728	(304)	0.03	0.02
Pak Electron Limited	-	120	-	120	120,000	120,000	-	0.13	0.08
	2,945	1,042	1,352	2,635	361,993	356,916	5,077	0.39	0.25
Total - as at December 31, 2021	4,140	1,042	2,452	2,730	456,455	450,307	6,148	0.49	0.32
Total - as at June 30, 2021	5,228	41	1,129	4,140	330,254	329,074	1,180	0.89	0.32

5.1.2 These Sukuk carry mark-up at the rate ranging from 8.15% to 13.54% per annum. (June 30, 2021: mark-up at the rate of 7.2% to 14.5% per annum).

5.1.3 Significant terms and conditions of Corporate Sukuk Bonds as at December 31, 2021 are as follows:

Name of company	Principal outstanding (per sukuk bond)	Mark-up rate (per annum)	Issue date	Maturity date
Corporate sukuk bonds - listed				
Agha Steel Industries Limited	1,000,000	3 Month Kibor + 0.80%	October 9, 2018	October 9, 2025
Corporate sukuk bonds - unlisted				
Dubai Islamic Bank Limited	1,000,000	6 Month Kibor + 0.50%	July 14, 2017	July 14, 2027
Ghani Gases Limited	37,500	3 Month Kibor + 1%	February 2, 2017	February 2, 2023
TPL Corporation Limited (Formerly: TPL Trakker Limited)	375,000	12 Month Kibor + 3%	April 13, 2016	April 12, 2022
The Hub Power Company Limited	100,000	12 Month Kibor + 1.90%	March 19, 2020	March 19, 2024
OBS AGP Private Limited	100,000	3 Month Kibor + 1%	July 15 2021	July 15 2026
Pak Electron Limited	1,000,000	3 Month Kibor + 1%	November 15 2021	February 15 2023

**5.1.4 Financial assets at fair value through profit or loss
- GoP Ijara Sukuk Certificates**

Issue details	Face value				Market value as at December 31, 2021	Carrying value as at December 31, 2021	Un-realised Gain / (Loss) on re-measurement of investment	Market value as a percentage of total investments	Market value as a percentage of net assets
	As at July 1, 2021	Purchases during the period	Sales / matured during the period	As at December 31, 2021					
(Rupees in '000)									
GOP Ijarah Sukuk	-	50,000	50,000	-	-	-	-	-	-
Total - as at December 31, 2021	-	50,000	50,000	-	-	-	-	-	-

December 31, 2021 (Un-Audited) June 30, 2021 (Audited)
Note ----- (Rupees in '000) -----

5.2 Financial assets at amortised cost

Commercial papers	5.2.1	465,469	141,274
		465,469	141,274

5.2.1 Financial assets at amortised cost - Commercial papers

Name of investee company	As at July 1, 2021	Placement made during the period	Income accrued	Sales / matured during the period	As at December 31, 2021	Percentage of total of investments	Percentage of net assets
----- (Rupees in '000) -----							
K-Electric Limited (5.2.2)	84,287	220,607	5,075	124,289	185,680	20%	13%
Hub Power Holdings Limited (5.2.2)	56,987	-	2,828	-	59,815	6%	4%
Lucky Electric Power Company Limited (5.2.2)	-	181,349	2,492	-	183,841	20%	13%
Mughal Iron & Steel Industries Limited (5.2.2)	-	34,722	1,411	-	36,133	4%	3%
Total - as at December 31, 2021	141,274	436,678	11,806	124,289	465,469	50%	33%
Total - as at June 30, 2021	-	135,370	5,904	-	141,274	30%	20%

5.2.2 These commercial papers carry profit rates ranging from 8.50% to 9.40%. The maturity date for commercial papers of K-Electric Limited, Hub Power Holdings Limited, Lucky Electric Power Company Limited and Mughal Iron & Steel Industries Limited is May 15, 2022, November 11, 2022, May 9, 2022 and July 21, 2022 respectively. Management believes that fair value of the commercial paper is equal to its amortised cost.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
Note	----- (Rupees in '000) -----	
6. PAYABLE TO THE MANAGEMENT COMPANY		
Remuneration payable to the Management Company	1,197	1,287
Sindh sales tax payable on Management Company's remuneration	156	167
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	93
Selling and marketing expenses payable	455	601
Sales load payable	105	24
	<u>1,913</u>	<u>2,172</u>
7. PAYABLE TO THE TRUSTEE		
Remuneration payable to the Trustee	90	70
Sindh Sales Tax payable on Trustee's remuneration	12	9
	<u>102</u>	<u>79</u>
8. ACCRUED EXPENSES AND OTHER LIABILITIES		
Provision for Federal Excise Duty	8.1 1,344	1,344
Provision for Sindh Workers' Welfare Fund	8.2 -	16,683
Withholding tax payable	307	6,369
Brokerage payable	20	-
Auditors' remuneration	123	238
Printing charges	115	160
Other payables	291	455
	<u>2,200</u>	<u>25,249</u>

8.1 PROVISION FOR FEDERAL EXCISE DUTY

The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2021, and the appeal filed by tax authorities with Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 1.344 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2021 would have been higher by Rs. 0.1012 per unit (June 30, 2021: Rs. 0.134 per unit).

8.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Government of Sindh introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The MUFAP, 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.

During the current year, SRB through its letter dated August 12, 2021 (received on August 13, 2021) to 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 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.

The Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 16.683 million charged till August 12, 2021.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021 (June 30, 2021: Nil).

10. TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company intends to distribute more than 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealized) for the year ending June 30, 2022 to its unit holders.

11. EARNINGS PER UNIT

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

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

	Six months period ended	
	December 31,	
	2021	2020
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
12.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of Management Company	8,298	9,686
Sindh Sales Tax on remuneration of Management Company	1,079	1,259
Allocation of expenses related to registrar services, accounting, operation and valuation services	655	699
Selling and Marketing expenses	1,133	1,399
Sales load paid	81	75
Habib Bank Limited - Sponsor		
Bank charges	65	3
Profit on bank deposits earned	7,499	33
Executives of the Management Company		
Issue of 17,760 (2020: 25,011) units	1,873	2,551
Redemption of 14,946 (2020: 16,890) units	1,586	1,734
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	484	525
Sindh Sales Tax payable on the Trustee fee	63	68
Central Depository Service charges	16	7
HBL Islamic Financial Planning Fund-Active Allocation Plan		
Issue of 393 (2020: Nil) units	40	-
Redemption of 58,070 (2020: 271,055) units	6,178	28,063
MCBFSL Trustee HBL Islamic Financial Planning Fund-Conservative Allocation Plan		
Issue of 17,099 (2020: 59,379) units	1,823	6,054
Redemption of 419,053 (2020: 101,989) units	44,725	10,404
Archroma Pakistan limited Employees Gratuity Fund Associated company due to common Directorship		
Redemption of Nil (2020 : 695,019)	-	71,398
HBL Islamic Money Market Fund		
Sale of Kelectric Islamic Commercial Paper	40,000	-
Sale of Hub Power Holding Company Sukuk	160,000	-
Jubilee Life Insurance Company Limited		
Issue of 954,533 (2020: Nil) units	100,000	-

12.2	Balances outstanding as at period / year end	Six months period ended December 31,	
		2021 (Un-Audited)	2020 (Un-Audited)
		----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company			
	Remuneration of the Management Company	1,197	1,287
	Sindh Sales Tax payable on remuneration of the Management Company	156	167
	Sales load payable	105	24
	Allocation of expenses related to registrar services, accounting, operation and valuation services	-	93
	Selling and marketing expenses	455	601
		Six months period ended December 31,	
		2021 (Un-Audited)	2020 (Un-Audited)
		----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee			
	Remuneration payable	90	70
	Sindh Sales Tax payable on remuneration of the trustee	12	9
	Security deposit	100	100
Habib Bank Limited - Sponsor			
	Bank balances	111,463	554,564
	Accrued profit / markup receivable on bank balances	238	9,327
HBL Asset Management Limited - Employees' Gratuity Fund			
	Units held: 5,405 (June 30, 2021: 5,405)	578	550
HBL Asset Management Limited - Employees' Provident Fund			
	Units held: 29,060 (June 30, 2021: 29,060)	3,109	2,957
MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan - Fund under common management			
	Units held: 46,942 (June 30, 2021: 222,819)	5,023	22,672
MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan - Fund under common management			
	Units held: Nil (June 30, 2021: 401,953)	-	40,899
Directors and executives of the Management Company			
	Units held: 3,247 units (June 30, 2021: 2,889) units	347	608
Jubilee Life Insurance Company Limited			
	Units held: 954,533 units (June 30, 2021: Nil) units	102,132	-

13 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.

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

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

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

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

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

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

		December 31, 2021 (Un-Audited)						
		Carrying amount			Fair Value			
		At fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----						
Financial assets measured at fair value	13.1							
Investments								
Corporate sukuk bonds		456,455	-	456,455	-	456,455	-	456,455
		456,455	-	456,455	-	456,455	-	456,455
Financial assets not measured at fair value	13.1							
Bank balances		-	497,517	497,517				
Investments								
Commercial paper		-	465,469	465,469				
Profit receivable		-	12,918	12,918				
Deposits		-	100	100				
		-	976,004	976,004				
Financial liabilities not measured at fair value	13.1							
Payable to the Management Company		-	1,757	1,757				
Payable to the Trustee		-	90	90				
Dividend payable		-	233	233				
Payable against redemption of units		-	6,891	6,891				
Accrued expenses and other liabilities		-	394	394				
		-	9,365	9,365				

		June 30, 2021 (Audited)						
		Carrying amount			Fair Value			
	Note	At fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)						
Financial assets measured at fair value	13.1							
Investments								
Corporate sukuk bonds		330,254	-	330,254	-	330,254	-	330,254
		<u>330,254</u>	<u>-</u>	<u>330,254</u>	<u>-</u>	<u>330,254</u>	<u>-</u>	<u>330,254</u>
Financial assets not measured at fair value	13.1							
Bank balance		-	564,308	564,308				
Commercial Paper		-	141,274	141,274				
Profit receivable		-	22,389	22,389				
Deposits			100	100				
		<u>-</u>	<u>728,071</u>	<u>728,071</u>				
Financial liabilities not measured at fair value	13.1							
Payable to the Management Company		-	2,005	2,005				
Payable to the Trustee		-	70	70				
Payable against redemption of units		-	10,399	10,399				
Dividend payable		-	233	233				
Accrued expenses and other liabilities		-	701	701				
		<u>-</u>	<u>13,408</u>	<u>13,408</u>				

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

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

14. 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 six months period ended December 31, 2021 is 0.96% (2020: 1.08%) which includes 0.10% (2020: 0.15%) representing Government levy, Sindh Worker's Welfare Fund and SECP fee.

15. GENERAL

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

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

15.3 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 December 31, 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 economy and business. regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time. The Management Company 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.

The Management Company expects that going forward these uncertainties would reduce as the impact of COVID- 19 on overall economy subsides and have concluded that there is no impact on this condensed interim financial information.

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 February 11, 2022.

**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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC EQUITY FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Equity Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 24, 2022





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

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

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of HBL ISLAMIC EQUITY FUND ("the Fund") as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and a summary of significant accounting policies and other explanatory notes to the condensed interim financial information for the half year then ended (here-in-after referred to as "interim financial information"). HBL Asset Management Limited (the "Management Company") is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2021 does not present fairly, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarter ended December 31, 2021 and December 31, 2020 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 23 FEB 2022

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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

HBL Islamic Equity Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2021

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
Note	----- (Rupees in '000) -----	
ASSETS		
Bank balances	4	45,328
Investments	5	273,887
Dividend and profit receivable		673
Receivable against sale of investments		2,988
Advances, deposits and prepayments	6	3,154
TOTAL ASSETS		326,030
LIABILITIES		
Payable to the Management Company	7	1,931
Payable to the Trustee	8	55
Payable to Securities and Exchange Commission of Pakistan	9	45
Payable against redemption of units		39,892
Accrued expenses and other liabilities	10	4,031
TOTAL LIABILITIES		45,954
NET ASSETS		280,076
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		280,076
CONTINGENCIES AND COMMITMENTS		
	11	-----Number of units-----
Number of units in issue		3,179,548
		----- (Rupees) -----
Net assets value per unit		88.0869

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Note	Half year ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
----- (Rupees in '000) -----					
Income					
Capital (loss) / gain on sale of investment- net		(46,597)	31,265	(14,929)	13,165
Dividend income		5,729	6,346	3,189	5,414
Profit from bank deposits		923	564	421	273
		(39,945)	38,175	(11,319)	18,852
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets classified as financial assets at 'fair value through profit or loss' - net		(36,924)	34,250	3,388	10,861
		(76,869)	72,425	(7,931)	29,713
Expenses					
Remuneration of the Management Company		4,481	3,073	1,568	1,509
Sindh sales tax on remuneration of the Management Company		583	400	204	197
Remuneration of the Trustee		511	308	182	116
Sindh sales tax on remuneration of the Trustee		58	40	58	15
Annual fee to Securities and Exchange Commission of Pakistan		45	31	16	15
Allocation of expenses related to registrar services, accounting, operation and valuation services		1,141	247	432	121
Selling and marketing expenses		2,282	1,152	823	566
Auditors' remuneration		120	116	62	58
Securities transaction cost		1,560	1,189	652	405
Settlement and bank charges		226	252	96	236
Fee and subscription		98	14	58	7
Shariah advisory services		102	105	49	53
		11,207	6,927	4,200	3,298
Net (loss) / income from operating activities		(88,076)	65,498	(12,131)	26,415
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	10.2	5,543	(1,310)	-	(528)
Net (loss) / income for the period before taxation		(82,533)	64,188	(12,131)	25,887
Taxation	12	-	-	-	-
Net (loss) / income for the period after taxation		(82,533)	64,188	(12,131)	25,887
Allocation of net income for the period					
Income already paid on redemption of units		-	10,647	-	5,280
Accounting income available for distribution:					
Relating to capital gains		-	53,541	-	20,607
Excluding capital gains		-	-	-	-
		-	53,541	-	20,607
		-	64,188	-	25,887
Earnings per unit	13				

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net (loss) / income for the period after taxation	(82,533)	64,188	(12,131)	25,887
Other comprehensive income for the period	-	-	-	-
Total comprehensive (Loss) / income for the period	<u>(82,533)</u>	<u>64,188</u>	<u>(12,131)</u>	<u>25,887</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
Condensed Interim Statement of Movement in Unitholders' Fund
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,					
	2021			2020		
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total
	(Rupees in '000)					
Net assets at beginning of the period	800,479	(175,895)	624,584	421,843	(193,257)	228,586
Issuance of 3,215,429 units (2020: 3,858,737 units)						
Capital value (at net asset value per unit at the beginning of the period)	337,731	-	337,731	299,322	-	299,322
Element of income	(37,812)	-	(37,812)	51,658	-	51,658
Total proceeds on issuance of units	299,919	-	299,919	350,980	-	350,980
Redemption of 5,980,147 units (2020: 3,171,888 units)						
Capital value (at net asset value per unit at the beginning of the period)	(628,809)	-	(628,809)	(246,043)	-	(246,043)
Income already paid on redemption of units	-	-	-	-	(10,647)	(10,647)
Element of loss	66,915	-	66,915	(30,557)	-	(30,557)
Total payments on redemption of units	(561,894)	-	(561,894)	(276,600)	(10,647)	(287,247)
Total comprehensive income for the period	-	(82,533)	(82,533)	-	64,188	64,188
Net assets at end of the period	538,504	(258,428)	280,076	496,223	(139,716)	356,507
Accumulated loss brought forward						
Realised loss		(187,421)			(189,059)	
Unrealised loss		11,526			(4,198)	
		(175,895)			(193,257)	
Accounting income available for distribution						
Relating to capital gains		-			53,541	
Excluding capital gains		-			-	
		-			53,541	
Total comprehensive loss for the period		(82,533)			-	
		(258,428)			(139,716)	
Accumulated (loss) / gain carried forward						
Realised loss		(221,504)			(173,966)	
Unrealised Gain		(36,924)			34,250	
		(258,428)			(139,716)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<u>105.0735</u>			<u>77.5699</u>
Net assets value per unit at end of the period			<u>88.0869</u>			<u>98.1086</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
Condensed Interim Cash Flow Statement (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended December 31,	
	2021	2020
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss) / income for the period before taxation	(82,533)	64,188
Adjustments for:		
Dividend income	(5,729)	(6,346)
Profit from bank deposits	(923)	(564)
Capital loss / (gain) on sale of investment - net	46,597	(31,265)
Unrealised diminution / (appreciation) re-measurement of investments at fair value through profit or loss - net	36,924	(34,250)
	(5,664)	(8,237)
Decrease / (increase) in assets		
Investments - net	254,874	(62,715)
Receivable against sale of investments	13,895	-
Advances, deposits and prepayments	6,294	(1,156)
	275,063	(63,871)
(Decrease) / increase in liabilities		
Payable to the Management Company	(431)	290
Payable to the Trustee	(63)	17
Payable to Securities and Exchange Commission of Pakistan	(34)	(41)
Payable against redemption of units	(9,569)	9,658
Accrued expenses and other liabilities	(7,324)	9,658
	(17,421)	19,582
Cash generated from / (used in) operations	251,978	(52,526)
Dividend received	9,920	6,037
Profit received from saving accounts	1,035	543
	10,955	6,580
Net cash generated from / (used in) operating activities	262,933	(45,946)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	299,919	350,980
Amount paid on redemption of units	(561,894)	(265,142)
Net cash (used in) / generated from financing activities	(261,975)	85,838
Net increase in cash and cash equivalents	958	39,892
Cash and cash equivalents at beginning of the period	44,370	10,190
Cash and cash equivalents at end of the period	45,328	50,082

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund

Notes to the Condensed Interim Financial Information (Unaudited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

The 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.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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- 2.1.3 The comparative statement of asset and liabilities presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Fund for the year ended June 30, 2021, whereas the comparative condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2020.
- 2.1.4 This condensed interim financial information is unaudited but has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2021 have not been reviewed.
- 2.1.5 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2021.
- 2.2 Basis of measurement
- This condensed interim financial information has been prepared under the historical cost convention, unless stated otherwise.
- This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.
- 2.3 Functional and presentation currency
- These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.
- 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN
- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended June 30, 2021, unless otherwise stated.
- 3.2 The preparation of this condensed interim financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.
- 3.4 There are certain standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan, effective for the first time in this condensed interim financial information and are mandatory for the Fund's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.
- 3.5 The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements of the Fund for the year ended June 30, 2021.

4	BANK BALANCES	Note	December 31,	June 30,
			2021 (Un-Audited)	2021 (Audited)
			----- Rupees in '000 -----	
	- In savings accounts	4.1	45,327	44,360
	- In current account		1	10
			<u>45,328</u>	<u>44,370</u>

4.1 These accounts carry profit ranging from 6.50% to 9.75% (June 30, 2020: 5.65% to 8%) per annum. This includes an amount held in Habib Bank Limited (a related party) amounting to Rs. 6.8 million (June 30, 2021: Rs. 27,473 million) on which profit is earned at 7.79% (June 30, 2021: 6.54%) per annum.

5 INVESTMENTS

Financial assets at 'fair value through profit or loss'

Listed equity securities

5.1		5.1	<u>273,887</u>	<u>612,282</u>
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5.1 Financial assets at 'fair value through profit or loss' - Listed equity securities

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

Name of investee companies (Sector wise)	Number of shares					Carrying value as at Dec 31, 2021	Market value as at Dec 31, 2021	Unrealised appreciation/ (diminution) on re-measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company
	As at July 1, 2021	Purchases during the period	Bonus issue during the period	Sales during the period	As at Dec 31, 2021						
-----Rupees in 000-----											
Automobiles Parts & Accessories											
Panther Tyres Limited	193,005	-	-	193,005	-	-	-	-	0.00%	0.00%	0.00%
Cement											
Lucky Cement Limited (5.1.1)	28,089	40,300	-	39,120	29,269	22,490	19,882	(2,608)	7.26%	7.10%	0.01%
Kohat Cement Limited (5.1.1)	45,110	10,000	-	17,000	38,110	7,554	7,188	(366)	2.62%	2.57%	0.02%
Maple Leaf Cement Factory Limited	396,318	692,000	-	775,500	312,818	11,708	11,246	(463)	4.11%	4.02%	0.03%
Cherat Cement Company Ltd	42,900	-	-	42,900	-	-	-	-	0.00%	0.00%	0.00%
DG Khan Cement Company Ltd	132,451	-	-	132,451	-	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	-	87,000	-	87,000	-	-	-	-	0.00%	0.00%	0.00%
Attock Cement Pakistan Limited (5.1.1)	291,200	87,300	-	106,700	271,800	46,143	37,769	(8,374)	13.79%	13.49%	0.20%
Thatta Cement Co. Ltd	356,500	-	-	356,500	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited	59,500	2,500	-	59,500	2,500	227	222	(6)	0.08%	0.08%	0.00%
	1,352,068	919,100	-	1,616,671	654,497	88,123	76,307	(11,815)	27.86%	27.26%	0.26%
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	18,000	-	-	18,000	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motor Company Limited	18,200	-	-	18,200	-	-	-	-	0.00%	0.00%	0.00%
Ghandhara Ind. Ltd.	7,500	20,800	-	20,000	8,300	1,996	1,467	(529)	0.54%	0.52%	0.02%
	43,700	20,800	-	56,200	8,300	1,996	1,467	(529)	0.54%	0.52%	0.02%
Cable & Electrical Goods											
Waves Singer Pakistan Limited	231,000	37,500	-	268,500	-	-	-	-	0.00%	0.00%	0.00%
Pak Elektron Limited	285,000	69,000	-	288,000	66,000	2,190	1,486	(705)	0.54%	0.53%	0.15%
	516,000	106,500	-	556,500	66,000	2,190	1,486	(705)	0.54%	0.53%	0.15%
Chemicals											
Engro Polymer & Chemicals Limited	-	184,000	-	134,000	50,000	2,725	2,711	(14)	0.99%	0.97%	0.01%
Descon Oxychem Ltd	-	229,000	-	103,000	126,000	3,054	2,898	(156)	1.06%	1.03%	0.07%
Nimir Resins Ltd	-	898,500	-	-	898,500	24,937	16,946	(7,992)	6.19%	6.05%	0.64%
Lotte Chemical Pakistan Ltd	-	56,500	-	56,500	-	-	-	-	0.00%	0.00%	0.00%
Nimir Resins Limited (5)	467,000	96,000	-	563,000	-	-	-	-	0.00%	0.00%	0.00%
	467,000	1,464,000	-	856,500	1,074,500	30,716	22,555	(8,162)	8.23%	8.03%	0.72%
Commercial Bank											
Meezan Bank Limited (5.1.1)	233,126	29,000	27,243	192,500	96,869	10,755	12,991	2,236	4.74%	4.64%	0.01%
BankIslami Pakistan Limited (5.1.1)	1,353,500	276,000	-	708,000	921,500	11,013	11,804	792	4.31%	4.21%	0.08%
	1,586,626	305,000	27,243	900,500	1,018,369	21,768	24,795	3,027	9.05%	8.85%	0.09%
Engineering											
International Steels Limited	157,500	50,000	-	207,500	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited	58,900	-	-	58,900	-	-	-	-	0.00%	0.00%	0.00%
Mughal Iron & Steel Industries Limited (5.1.1)	118,620	110,500	27,393	43,000	213,513	19,740	22,229	2,489	8.12%	7.94%	0.06%
Agha Steel Industries Limited	538,000	442,500	12,825	595,500	397,825	10,243	10,411	168	3.80%	3.72%	0.07%
Aisha Steel Mills Ltd	123,000	-	-	123,000	-	-	-	-	0.00%	0.00%	0.00%
Amreli Steels Limited	-	170,000	-	104,500	65,500	2,525	2,932	407	1.07%	1.05%	0.02%
	996,020	773,000	40,218	1,132,400	676,838	32,508	35,572	3,064	12.99%	12.71%	0.15%

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

Name of investee companies (Sector wise)	Number of shares					Carrying value as at Dec 31, 2020	Market value as at Dec 31, 2020	Unrealised appreciation/ (diminution) on re-measurement of investments	Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company
	As at July 1, 2020	Purchases during the period	Bonus issue during the period	Sales during the period	As at Dec 31, 2020						
-----Rupees in 000-----											
FOOD & PERSONAL CARE PRODUCTS											
Unity Foods Limited (5.1.1)	437,605	315,500	-	171,000	582,105	23,367	15,408	(7,958)	5.63%	5.50%	0.06%
Al Shaheer Corporation Ltd	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.00%
Unity Foods Limited-LOR3	-	117,117	-	29,000	88,117	0	93	93	0.03%	0.03%	0.04%
	437,605	482,617	-	250,000	670,222	23,367	15,501	(7,865)	5.66%	5.53%	0.10%
Food & Allied Industries											
The organic Meat Company Limited (5.1.1)	382,675	721,000	45,617	703,500	445,792	14,865	14,145	(720)	5.16%	5.05%	0.36%
	382,675	721,000	45,617	703,500	445,792	14,865	14,145	(720)	5.16%	5.05%	0.36%
Fertilizer											
Engro Corporation Limited	102,300	29,000	-	131,300	-	-	-	-	0.00%	0.00%	0.00%
	102,300	29,000	-	131,300	-	-	-	-	0.00%	0.00%	0.00%
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (Note 5.1.2)	145	6,160	-	1,560	4,745	7,352	7,849	498	2.87%	2.80%	0.00%
Oil & Gas Development Company	514,200	219,552	-	638,900	94,852	8,040	8,176	136	2.99%	2.92%	0.00%
Pakistan Oilfields Limited	17,300	-	-	17,300	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Petroleum Limited	567,800	258,500	-	719,800	106,500	8,198	8,418	219	3.07%	3.01%	0.00%
	1,099,445	484,212	-	1,377,560	206,097	23,590	24,443	853	8.93%	8.73%	0.01%
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited (Note 5.1.1)	137,828	11,400	-	109,500	39,728	8,736	7,226	(1,509)	2.64%	2.58%	0.01%
Sui Northern Gas Pipeline Limited	-	69,500	-	25,000	44,500	2,204	1,489	(715)	0.54%	0.53%	0.01%
	137,828	80,900	-	134,500	84,228	10,940	8,715	(2,225)	3.18%	3.11%	0.01%
Power Generation & Distribution											
Hub Power Company Limited	195,687	2,800	-	198,487	-	-	-	-	0.00%	0.00%	0.00%
	195,687	2,800	-	198,487	-	-	-	-	0.00%	0.00%	0.00%
Pharmaceuticals											
Ferozsons Laboratories Limited	-	37,300	-	16,800	20,500	7,964	6,680	(1,285)	2.44%	2.38%	0.06%
Abbott Laboratories (Pak) Ltd	-	6,000	-	6,000	-	-	-	-	0.00%	0.00%	0.00%
AGP Limited	-	13,800	-	-	13,800	1,578	1,338	(240)	0.49%	0.48%	0.00%
The Searle Company Limited (Note 5.1.2)	1,222	14,500	366	-	16,088	2,312	2,312	0	0.84%	0.83%	0.01%
Highnoon Laboratories Limited	-	10,000	-	1,700	8,300	5,167	5,211	44	1.90%	1.86%	0.02%
	1,222	81,600	366	24,500	58,688	17,021	15,541	(1,481)	5.67%	5.55%	0.09%
Textile Composite											
Nishat Mills Limited (5.1.1)	35,000	4,000	-	6,500	32,500	3,021	2,586	(434)	0.94%	0.92%	0.01%
Interloop Limited (Note 5.1.2)	94,250	24,000	3,352	81,000	40,602	2,772	2,951	180	1.08%	1.05%	0.00%
Kohior Textile Mills Limited	83,000	-	-	37,500	45,500	3,422	3,159	(263)	1.15%	1.13%	0.02%
	212,250	28,000	3,352	125,000	118,602	9,215	8,696	(517)	3.17%	3.10%	0.03%
Transport											
Pakistan International Bulk Terminal	-	104,000	-	104,000	-	-	-	-	0.00%	0.00%	0.00%
	-	104,000	-	104,000	-	-	-	-	0.00%	0.00%	0.00%
Technology & Communication											
Systems Limited (Note 5.1.2)	24,295	11,000	-	30,600	4,695	2,731	3,567	835	1.30%	1.27%	0.00%
Avanceon Limited	200,400	55,499	-	222,500	33,399	3,684	3,043	(641)	1.11%	1.09%	0.01%
WorldCall Telecom Ltd	500,000	-	-	500,000	-	-	-	-	0.00%	0.00%	0.00%
TRG Pakistan Ltd	-	63,000	-	63,000	-	-	-	-	0.00%	0.00%	0.00%
Air Link Communication Ltd	-	83,100	4,207	87,307	-	-	-	-	0.00%	0.00%	0.00%
	724,695	212,599	4,207	903,407	38,094	6,415	6,610	194	2.41%	2.36%	0.01%
Refinery											
Attock Refinery Limited	54,300	16,200	-	40,400	30,100	6,839	4,335	(2,504)	1.58%	1.55%	0.03%
National Refinery Limited	63,000	25,100	-	39,900	48,200	21,257	13,717	(7,539)	5.01%	4.90%	0.06%
	117,300	41,300	-	80,300	78,300	28,096	18,052	(10,043)	6.59%	6.45%	0.09%
Glass & Ceramics											
Shabbir Tiles & Ceramics Ltd	-	7,500	-	7,500	-	-	-	-	0.00%	0.00%	0.00%
	-	7,500	-	7,500	-	-	-	-	0.00%	0.00%	0.00%
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	75,268	-	75,268	-	-	-	-	0.00%	0.00%	0.00%
	-	75,268	-	75,268	-	-	-	-	0.00%	0.00%	0.00%
as at Dec 31, 2021	8,565,426	5,939,196	121,003	9,427,098	5,198,527	310,811	273,887	(36,926)	100%	98%	
as at June 30, 2021	2,852,497	22,231,617	42,033	16,560,721	8,565,426	600,756	612,282	11,526	97%	95.00%	

5.1.1 As at 31 Dec, 2021 The Fund has pledged shares with the National Clearing Company of Pakistan (NCCPL) as collateral for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP of following companies;

- Attock Cement Pakistan Limited (100,000 shares having market value of Rs. 13.896 million)
- BankIslami Pakistan Limited (400,000 share having market value of Rs. 5.124 million)
- Meezan Bank Limited (80,000 shares having market value of Rs. 10.728 million)
- Lucky Cement Limited (20,000 shares having market value of Rs. 13.585 million)
- Kohat Cement Company Limited (10,000 shares having market value of Rs. 1.886 million)
- Mughal Iron and Steel Limited (59,000 shares having market value of Rs. 6.142 million)
- Pakistan State Oil Company Limited (25,000 shares having market value of Rs. 4.574 million)
- Nishat Mills Limited (10,000 shares having market value of Rs. 0.795 million)
- The Organic Meat Company Limited (100,000 shares having market value of Rs. 3.173 million)
- Unity Foods Limited (100,000 shares having market value of Rs. 2.417 million)

5.1.2 These investments include 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 company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 3.225 million at Dec 31, 2021 (June 30, 2021 Rs. 2.216 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.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
Note	----- Rupees in '000 -----	
6 ADVANCES, DEPOSITS AND PREPAYMENTS		
Security deposit with:		
National Clearing Company of Pakistan Limited	2,500	2,500
Central Depository Company of Pakistan Limited	100	100
	<u>2,600</u>	<u>2,600</u>
Advance tax	279	279
Advance against book building/ IPO	56	6,448
Prepaid Listing Fee of ISE	97	-
Prepaid listing fee	122	122
	<u>3,154</u>	<u>9,448</u>

6.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 of ITO 2001. The management is confident that the same shall be refunded after filing refund application within stipulated time, as per ITO 2001.

	December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
Note	----- Rupees in '000 -----	
7 PAYABLE TO THE MANAGEMENT COMPANY		
Remuneration of the Management Company	483	1,040
Sindh Sales Tax on Management		
Company's remuneration	63	135
Allocation of expenses related to registrar, accounting, operation and valuation services	133	975
Selling and marketing expenses	823	84
Sales load payable	429	128
	<u>1,931</u>	<u>2,362</u>

		December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)
	Note	----- Rupees in '000 -----	
8	PAYABLE TO THE TRUSTEE		
	Trustee fee	49	104
	Sindh Sales Tax on remuneration of the Trustee	6	14
		<u>55</u>	<u>118</u>
9	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee payable	<u>45</u>	<u>79</u>
10	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Provision for Federal Excise Duty	10.1 3,268	3,268
	Provision for Sindh Workers' Welfare Fund	10.2 -	5,543
	Donation payable	10.3 240	779
	Brokerage payable	262	883
	Withholding tax	45	504
	Auditors' remuneration	87	238
	Printing charges	98	109
	Others	31	31
		<u>4,031</u>	<u>11,355</u>

10.1 The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2021 and the appeal filed by tax authorities with Honorable Supreme Court of Pakistan is pending for decision.

In view of the above, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 3.268 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2021 would have been higher by Rs. 1.0278 per unit (June 30, 2021: Rs.0.5498 per unit).

10.2 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. 5.543 million for the period from July 1, 2014 till August 12, 2021.

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

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at Dec 31, 2021 (June 30, 2021: Nil).

12 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 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 at least 90% of the Fund's accounting income, as reduced by the capital gains, whether realised or unrealised, for the year ending June 30, 2021, to its unit holders.

13 EARNINGS PER UNIT

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

14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

14.1	Transactions during the year	Half year ended December 31,	
		2021 (Un-Audited)	2020 (Un-Audited)
		----- Rupees in '000 -----	
	HBL Asset Management Limited - Management Company		
	Remuneration of the Management Company for the year	4,481	3,073
	Sindh Sales tax on remuneration of the Management Company	583	400
	Allocation of expenses related to registrar services, accounting, operation and valuation services	1,141	247
	Selling and marketing expenses	2,282	1,152
	Sales load paid	-	-
	Issuance of Nil (2020: 603840) units	-	55,000
	Redemption of Nil (2020: 291687) units	-	25,000
	Habib Bank Limited - Sponsor		
	Bank charges paid	31	26
	Profit on bank deposits earned	207	106
	Executives of the Management Company		
	Issue of 110,514 (2020: 36737) units	10,059	3,382
	Redemption of 38,256 (2020: 27151) units	3,678	2,484
	MCBFSL Trustee HBL Islamic Financial Planning Fund		
	Active Allocation Plan - Fund under common management		
	Issue of 28,904 (2020: Nil) units	2,559	-
	Redemption of 186,123 (2020: 4,135) units	16,475	384
	MCBFSL Trustee HBL Islamic Financial Planning Fund		
	Conservative Allocation Plan - Fund under common management		
	Issue of 37,078 (2020: 17,165) units	3,269	1,500
	Redemption of 132,502 (2020: 31,917) units	11,553	2,748
	Central Depository Company of Pakistan Limited - Trustee		
	Remuneration of the Trustee	511	307
	Sindh Sales tax on remuneration of the Trustee	58	40
	CDS charges	-	31
	HBL Investment Fund Class - under common management		
	Sale of Equity Securities	13,896	-

14.2	Balances outstanding as at period / year end	Half year ended December 31,	
		2021 (Un-Audited)	2020 (Un-Audited)
		----- Rupees in '000 -----	
	HBL Asset Management Limited - Management Company		
	Units held: Nil (2021: Nil) units	-	-
	Remuneration payable to the Management Company	483	1,040
	Sindh Sales Tax on management company's remuneration	63	135
	Sales load payable	429	128
	Selling and marketing expenses	133	975
	Allocation of expenses related to registrar services, accounting, operation and valuation services	823	84
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee fee payable	55	118
	Security deposit held	100	100
	Habib Bank Limited - Sponsor		
	Bank balances	33,511	9,604
	Accrued profit / markup receivable on bank balances	35	-
	Executives of the Management Company		
	Units held: 84243 (2021: 14,495)	7,421	1,628
	MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan - Fund under common management		
	Units held: 250,921 (2021: 408,140)	22,103	34,009
	CP due to more than 10% unit holdings - Munira Amir Vasi		
	Units held: 531,947 (2021: Nil)	46,858	-

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Level 2 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); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

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

		Dec 31, 2021 (Un-Audited)						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note		----- Rupees in '000' -----						
On-balance sheet financial instruments								
Financial assets measured at fair value through profit or loss								
	Listed equity securities	273,887	-	273,887	273,887	-	-	273,887
Financial assets not measured at fair value								
	15.1							
	Bank balances	-	45,328	45,328				
	Dividend and profit receivable	-	673	673				
	Deposit - net	-	2,600	2,600				
		-	48,601	48,601				
Financial liabilities not measured at fair value								
	15.1							
	Payable to the Management Company	-	1,868	1,868				
	Payable to the Trustee	-	49	49				
	Payable against redemption in units	-	39,892	39,892				
	Accrued expenses and other liabilities	-	687	687				
		-	42,496	42,496				
		----- Rupees in '000' -----						
		June 30, 2021 (Audited)						
		Carrying amount			Fair Value			
		Fair value through profit or loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Note		----- Rupees in '000' -----						
On-balance sheet financial instruments								
Financial assets measured at fair value through profit or loss								
	Listed equity securities	612,282	-	612,282	612,282	-	-	612,282
Financial assets not measured at fair value								
	15.1							
	Bank balances	-	44,370	44,370				
	Dividend and profit receivable	-	4,976	4,976				
	Receivable against sale of investments - net	-	16,883	16,883				
	Deposit - net	-	2,600	2,600				
		-	68,829	68,829				
Financial liabilities not measured at fair value								
	15.1							
	Payable to the Management Company	-	2,227	2,227				
	Payable to the Trustee	-	104	104				
	Payable against redemption of units	-	49,461	49,461				
	Dividend payable	-	-	-				
	Accrued expenses and other liabilities	-	2,026	2,026				
		-	53,818	53,818				

15.1 Valuation techniques

For level 1 investments at fair value through profit or loss investment in respect of equity securities, Fund uses daily quotation shares which are taken from Pakistan Stock Exchange Limited at reporting date.

15.2 Transfers during the period

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

16 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended December 31, 2021 is 2.52% (December 31, 2020: 2.70%) which includes 0.19% (December 31, 2020: 0.61%) representing government levy and SECP fee.

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on February 11, 2022 by the Board of Directors of the Management Company.

18 GENERAL

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

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

18.3 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 December 31, 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 economy and business, regulators / government across the country have introduced a host of measures on both the fiscal and economic fronts from time to time. The Management Company 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.

The Management Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that there is no impact on this condensed interim financial information.

**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	AI - Hilal Shariah Advisors (Pvt.) Limited

Bankers	Bank Islami Pakistan Limited Habib Bank Limited Dubai Islamic Bank Limited Bank Al Habib Limited Allied Bank Limited
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REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

HBL ISLAMIC FINANCIAL PLANNING FUND

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

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

1. HBL Asset Management Company Limited, the Management Company of HBL Islamic Financial Planning Fund has, in all material respects, managed HBL Islamic Financial Planning Fund during the year ended 31st December 2021 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Karachi: February 21, 2022

Authorize Signatory

Perdesi House | 2/1 R-Y | Old Queens Road | Karachi – 74200 | Pakistan
+92-21-32419770 | www.digitalcustodian.co | info@digitalcustodian.co



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

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Financial Planning Fund** ("the Fund") as at 31 December 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cashflow and notes to the condensed interim financial information for the six month period then ended (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The figures for the quarters ended 31 December 2021 and 31 December 2020 in the condensed interim income statement and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

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

Date: 24 February 2022

Karachi

UDIN : RR202110188vWFKi4MuQ

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

HBL Islamic Financial Planning Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
As at December 31, 2021

	Note	December 31, 2021 (Un-audited)			June 30, 2021 (Audited)			Total
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	
								(Rupees in '000)
Assets								
Bank balances	6	185	366	551	789	584	-	1,373
Bank balances of matured plans	12	-	-	4,256	-	-	3,919	5,967
Investments	7	27,126	889	28,015	53,530	50,925	-	104,455
Accrued mark-up		7	31	38	5	7	-	12
Preliminary expenses and flotation costs	8	7	9	16	16	9	-	25
Advances, deposits and other receivables	9	149	74	223	92	18	-	110
Total assets		27,474	1,369	33,099	54,432	51,543	3,919	111,942
Liabilities								
Payable to Management Company	10	8	12	20	22	365	1,860	2,247
Payable to Trustee		3	3	6	4	3	-	7
Payable to Securities and Exchange Commission of Pakistan		5	5	10	16	1	18	35
Accrued expenses and other liabilities	11	314	218	532	870	257	1,406	2,533
Accrued expenses and other liabilities of matured plans	12	-	-	1,137	-	-	635	2,683
Payable to unit holders' of matured plans	12	-	-	3,119	-	-	-	-
Total liabilities		330	238	4,824	912	626	3,919	7,505
Net assets		27,144	1,131	28,275	53,520	50,917	-	104,437
Unit holders' fund (as per statement attached)		27,144	1,131	28,275	53,520	50,917	-	104,437
CONTINGENCIES AND COMMITMENTS								
----- (Units) -----								
Number of units in issue		265,119	9,634		462,085	442,930	-	
----- (Rupees) -----								
Net assets value per unit		102.3791	117.2389		115.8209	114.9507	-	

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Income Statement (Un-Audited)
For the six months period ended December 31, 2021

	2021			2020			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
Note: (Rupees in '000)							
Income							
Net realised (loss) / gain on sale of investments calculated using effective yield method	(2,618)	261	(2,357)	1,065	166	2,852	4,083
Profit on deposits with banks calculated using effective yield method	24	55	79	8	17	4,296	4,321
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	(3,732)	2	(3,730)	11,929	36	-	11,965
Back end load	-	-	-	-	-	14	14
	(6,326)	318	(6,008)	13,002	219	7,162	20,383
Expenses							
Remuneration to the Management Company	2	7	9	-	7	863	870
Sindh Sales Tax on remuneration of the Management Company	-	1	1	-	1	112	113
Remuneration of the Trustee	25	26	51	50	2	92	144
Annual fee to Securities and Exchange Commission of Pakistan	5	5	10	10	-	18	28
Allocation of expenses related to registrar services, accounting, operation and valuation services	48	50	98	98	4	180	282
Amortisation of preliminary expenses and flotation costs	9	-	9	9	-	160	169
Auditors' remuneration	190	15	205	114	8	57	179
Printing charges	-	-	-	-	5	5	10
Settlement and bank charges	8	9	17	5	6	1	12
Fees and subscription	5	-	5	6	-	21	27
Shariah advisory fee	93	40	133	70	3	47	120
Legal fee	35	41	76	-	-	-	-
	420	194	614	362	36	1,556	1,954
Net (loss) / income for the period from operating activities	(6,746)	124	(6,622)	12,640	183	5,606	18,429
Reversal / (Provision) for Sindh Workers' Welfare Fund	541	49	590	(253)	(3)	(112)	(368)
Net (loss) / income for the period before taxation	(6,205)	173	(6,032)	12,387	180	5,494	18,061
Taxation	-	-	-	-	-	-	-
Net (loss) / income for the period after taxation	(6,205)	173	(6,032)	12,387	180	5,494	18,061
Allocation of net (loss) / income for the period after taxation							
Net (loss) / income for the period after taxation	(6,205)	173	(6,032)	12,387	180	5,494	18,061
Income already paid on redemption of units	-	(173)	(173)	(574)	(141)	(5,494)	(6,209)
Accounting income available for distribution	(6,205)	-	(6,205)	11,813	39	-	11,852
Accounting (loss) / income available for distribution:							
- Relating to capital gains	-	-	-	11,813	39	-	11,852
- Excluding capital gains	-	-	-	-	-	-	-
	-	-	-	11,813	39	-	11,852

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Income Statement (Un-Audited)
For the three months period ended December 31, 2021

	2021			2020			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
Note ----- (Rupees in '000) -----							
INCOME							
Net realised gain / (loss) on sale of investments calculated using effective yield method	11	7	18	582	19	-	601
Profit on deposits with banks calculated using effective yield method	(22)	3	(19)	4	4	(462)	(454)
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	(4,885)	53	(4,832)	4,718	29	-	4,747
Back end load	-	-	-	-	-	-	-
	(4,896)	63	(4,833)	5,304	52	(462)	4,894
Expenses							
Remuneration to the Management Company	1	-	1	-	1	9	10
Sindh Sales Tax on remuneration of the Management Company	-	-	-	-	-	1	1
Remuneration of the Trustee	13	13	26	25	1	1	27
Annual fee to Securities and Exchange Commission of Pakistan	3	3	6	5	-	-	5
Allocation of expenses related to registrar services, accounting, operation and valuation services	26	26	52	48	1	2	51
Amortisation of preliminary expenses and flotation costs	4	-	4	5	-	-	5
Auditors' remuneration	69	5	74	97	8	-	105
Printing charges	-	-	-	-	5	-	5
Settlement and bank charges	5	4	9	3	2	-	5
Fees and subscription	-	-	-	-	-	-	-
Legal fee	17	17	34	-	-	-	-
Shariah advisory fee	51	1	52	60	2	-	62
	189	69	258	243	20	13	276
Net (loss) / income for the period from operating activities	(5,085)	(6)	(5,091)	5,061	32	(475)	4,618
Reversal / (Provision) for Sindh Workers' Welfare Fund	11.1	541	590	(101)	-	(1)	(102)
	(4,544)	43	(4,501)	4,960	32	(476)	4,516
Net (loss) / income for the period before taxation	(4,544)	43	(4,501)	4,960	32	(476)	4,516
Taxation	14	-	-	-	-	-	-
Net (loss) / income for the period after taxation	(4,544)	43	(4,501)	4,960	32	(476)	4,516
Allocation of net (loss) / income for the period after taxation							
Net income for the period after taxation	(4,544)	43	(4,501)	4,960	32	(476)	4,516
Income already paid on redemption of units	-	-	-	(422)	(30)	(2,742)	(3,194)
Accounting income available for distribution	(4,544)	43	(4,501)	4,538	2	(3,218)	1,322
Accounting (loss) / income available for distribution:							
- Relating to capital gains	-	43	43	4,538	2	(3,218)	1,322
- Excluding capital gains	-	-	-	-	-	-	-
	-	43	43	4,538	2	(3,218)	1,322

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the six months period ended December 31, 2021

	2021			2020			Total
	Active Allocation Plan	Conservative Allocation Plan		Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	
	(Rupees in '000)						
Net (loss) / income for the period after taxation	(6,205)	173	(6,032)	12,387	180	5,494	18,061
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(6,205)	173	(6,032)	12,387	180	5,494	18,061

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

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Financial Planning Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the three months period ended December 31, 2021

	2021			2020			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)						
Net (loss) / income for the period after taxation	(4,544)	43	(4,501)	4,960	32	(476)	4,516
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	(4,544)	43	(4,501)	4,960	32	(476)	4,516

The annexed notes from 1 to 20 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 six months period ended December 31, 2021

	2021			2020		
	Capital value	Active Allocation Plan Undistributed income / (accumulated loss)	Total	Capital value	Active Allocation Plan 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 4,573 units (2020 : 5,031 units)						
- Capital value	530	-	530	479	-	479
- Element of (Loss) / Income	(5)	-	(5)	37	-	37
Total proceeds on issuance of units	525	-	525	516	-	516
Redemption of 201,539 units (2020: 65,184 units)						
- Capital value	(23,342)	-	(23,342)	(6,212)	-	(6,212)
- Element of income / (loss)	2,646	-	2,646	(18)	(574)	(592)
Total payments on redemption of units	(20,696)	-	(20,696)	(6,230)	(574)	(6,804)
Net (loss) / income for the period	-	(6,205)	(6,205)	-	12,387	12,387
Total comprehensive (loss) / income for the period	-	(6,205)	(6,205)	-	12,387	12,387
Net assets at end of the period	34,829	(7,685)	27,144	94,444	5,222	99,666
Undistributed loss brought forward						
- Realised income / (loss)		(6,745)			(7,473)	
- Unrealised income / (loss)		5,265			882	
		(1,480)			(6,591)	
Accounting Income / Loss available for distribution						
- Relating to capital gain		-			11,813	
- Excluding capital gain		-			-	
		-			11,813	
Total comprehensive loss for the period		(6,205)			-	
Undistributed income carried forward		(7,685)			5,222	
Undistributed income carried forward comprises of:						
- Realised loss		(3,953)			(6,707)	
- Unrealised income / (loss)		(3,732)			11,929	
		(7,685)			5,222	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			115.8209			95.3020
Net assets value per unit at end of the period			102.3791			108.1395

The annexed notes from 1 to 20 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 six months period ended December 31, 2021

	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 44,677 units (2020: 209,796 units)						
- Capital value	5,136	-	5,136	22,944	-	22,944
- Element of income	81	-	81	111	-	111
Total proceeds on issuance of units	5,217	-	5,217	23,055	-	23,055
Redemption of 477,973 units (2020: 259,901 units)						
- Capital value	(54,943)	-	(54,943)	(28,423)	-	(28,423)
- Element of loss	(60)	(173)	(233)	(111)	(141)	(252)
Total payments on redemption of units	(55,003)	(173)	(55,176)	(28,534)	(141)	(28,675)
Net income for the period	-	173	173	-	180	180
Total comprehensive income for the period	-	173	173	-	180	180
Net assets at end of the period	63	1,068	1,131	190	1,062	1,252
Undistributed income brought forward						
- Realised income		1,128			873	
- Unrealised loss		(60)			150	
		1,068			1,023	
Accounting income available for distribution						
- Relating to capital gain		-			39	
- Excluding capital gain		-			-	
		-			39	
Undistributed income carried forward		1,068			1,062	
Undistributed income carried forward comprises of:						
- Realised income		1,066			1,026	
- Unrealised income		2			36	
		1,068			1,062	
			(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			117.2389			112.9808

The annexed notes from 1 to 20 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 six months period ended December 31, 2021

Note	2021			2020			Total
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	
(Rupees in '000)							
CASH FLOWS FROM OPERATING ACTIVITIES							
Net (loss) / income for the period before taxation	(6,205)	173	(6,032)	12,387	180	5,494	18,061
Adjustments for:							
Net realised gain / (loss) on sale of investments calculated using effective yield method	2,618	(261)	2,357	(1,065)	(166)	(2,852)	(4,083)
Profit on deposits with banks calculated using effective yield method	(24)	(55)	(79)	(8)	(17)	(4,296)	(4,321)
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	3,732	(2)	3,730	(11,929)	(36)	-	(11,965)
Amortisation of preliminary expenses and flotation costs	-	-	-	-	-	-	-
	121	(145)	(24)	(615)	(39)	(1,654)	(2,308)
Decrease / (increase) in assets							
Investments	20,054	50,299	70,353	6,933	5,598	30,289	42,820
Preliminary expenses and flotation costs	9	-	9	9	-	160	169
Advances	(57)	(56)	(113)	-	-	41	41
	20,006	50,243	70,249	6,942	5,598	30,490	43,030
(Decrease) / increase in liabilities							
Payable to Management Company	(14)	(353)	(367)	4	189	25	218
Payable to Trustee	(1)	-	(1)	1	(1)	(29)	(29)
Payable to Securities and Exchange Commission of Pakistan	(11)	4	(7)	(12)	(2)	(66)	(80)
Accrued expenses and other liabilities	(556)	(39)	(595)	(389)	175	(2,755)	(2,969)
Accrued expenses and other liabilities of matured plans	-	-	(1,546)	-	-	-	(509)
Payable to unit holders' of matured plans	-	-	3,119	-	-	-	-
	(582)	(388)	603	(396)	361	(2,825)	(3,369)
Cash generated from operations	19,545	49,710	70,828	5,931	5,920	26,011	37,353
Profit received on bank deposits	22	31	53	11	18	5,975	6,004
Net cash generated from operating activities	19,567	49,741	70,881	5,942	5,938	31,986	43,357
CASH FLOWS FROM FINANCING ACTIVITIES							
Amount received on issue of units	525	5,217	5,742	516	23,055	4,951	28,522
Amount paid on redemption of units	(20,696)	(55,176)	(75,872)	(6,804)	(28,675)	(357,573)	(393,052)
Distribution for the period	-	-	-	-	-	(2,641)	(2,641)
Net cash generated from financing activities	(20,171)	(49,959)	(70,130)	(6,288)	(5,620)	(355,263)	(367,171)
Net increase / (decrease) in cash and cash equivalents	(604)	(218)	751	(346)	318	(323,277)	(323,814)
Cash and cash equivalents at the beginning of the period	789	584	1,373	454	230	326,728	327,412
Cash and cash equivalents of matured plan at the end of the period	-	-	5,967	-	-	-	2,514
6 & 12	185	366	8,091	108	548	3,451	6,112
Cash and cash equivalents at the end of the year includes:							
Bank balances	185	366	551	108	548	3,451	4,107
Bank balances of matured plan	-	-	4,256	-	-	-	2,005
	185	366	4,807	108	548	3,451	6,112

The annexed notes from 1 to 20 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 six months period ended December 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** 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.
- 1.2** The Fund is an open ended shariah compliant fund of fund scheme and is listed on Pakistan Stock Exchange Limited. The Fund had four different plans namely Conservative Allocation Plan, Active Allocation Plan, Strategic Allocation Plan and Islamic Capital Preservation Plan (collectively referred as 'Plans'). The units of Conservative Allocation and Active Allocation Plan were initially offered to public (IPO) on June 16, 2016 whereas units of Strategic Allocation Plan were offered from June 15, 2016 to June 16, 2016 and units of Islamic Capital Preservation Plan were offered from July 01, 2018 to October 01, 2018. The units are transferable and can be redeemed by surrendering them to the Fund at the option of unit holder. The duration of the Fund is perpetual however the allocation plans may have a set time frame. Each Allocation Plan announce separate NAVs which rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.
- 1.3** The objective of the Fund is to generate returns on Investment as per the respective Allocation Plan by investing in Shariah Compliant Mutual Funds in line with the risk tolerance of the investor. The investment policy for each of the Plan including the newly launched Plan "Islamic Capital Preservation Plan" (launched on October 02, 2018) are as follows;
- The "Conservative Allocation Plan" is an Allocation Plan under the Fund and primarily aims to provide stable returns with some capital appreciation through a pre-determined mix of shariah compliant investments in equity, income and money market funds. This Allocation Plan is suitable for investors who have moderate risk tolerance and have a short to medium term investment horizon. The plan will exist till perpetuity.
 - The "Active Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active asset allocation between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on the Fund Manager's outlook on the asset classes. The plan will exist till perpetuity.
 - The "Strategic Allocation Plan" is an Allocation Plan under the Fund with an objective to earn a potentially high return through active allocation of funds between Islamic Equity scheme(s), Islamic Income scheme(s) and Islamic Money Market scheme(s) based on fundamental analysis of economic indicators, underlying asset values and a strategy of risk aversion to market volatility. Fund Manager take a medium term strategic view of the portfolio assets to deliver competitive returns to investors. The duration of this plan is 24 months (Two Years). HBL Islamic Financial Planning Fund - Strategic Allocation Plan has matured on June 16, 2020 and its remaining assets and liabilities are shown in note 12.
 - 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 was 24 months (Two Years). Islamic Capital Preservation Plan has matured on October 01, 2020 and its remaining assets and liabilities are shown in note 12.
- 1.4** VIS Credit Rating Company has assigned a management quality rating of 'AM2++' (Positive outlook) to the Management Company as on December 31, 2021 (December 31, 2020 : AM2++ (Positive outlook)).
- 1.5** Title to the assets of the Fund are held in the name of MCB Financial Services Limited / trustee of the Fund.

1.6 Impact of Covid-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including vaccination campaigns, requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. During the period, the provincial government imposed complete lockdown only in Sindh amid increasing COVID-19 cases in early July. Further, subsequent to period end, African variant of Covid 19 (named "Omicron") has affected the country adversely. Consequently, this would lead to uncertainties in terms of increase in number of cases due to which Sindh government and National Command Operation Center (NCOC) has imposed micro lockdown in highly affected areas which could affect the overall operations and the business in future requiring close monitoring by the management as it is an alarming situation for overall economy of Pakistan. 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. The Management Company of the Fund expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and have concluded that would be no significant impact that will adversely affect the operations and financial position of the Fund in future periods.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations 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 and the NBFC Regulations have been followed.

2.1.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended June 30, 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

5. FINANCIAL RISK MANAGEMENT

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

6. BANK BALANCES

		December 31, 2021 (Un-audited)			June 30, 2021 (Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
	<i>Note</i>	----- (Rupees in '000) -----			----- (Rupees in '000) -----			
Savings accounts	6.1	185	366	551	789	584	-	1,373

7. INVESTMENTS

		December 31, 2021 (Un-audited)			June 30, 2021 (Audited)			
		Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
	<i>Note</i>	----- (Rupees in '000) -----			----- (Rupees in '000) -----			
Units of mutual funds	7.1	27,126	889	28,015	53,530	50,925	-	104,455

6.1 This represents bank accounts held with various banks. Profit rates on these accounts range between 3.75% to 7.00% (June 30, 2021: 3.00% to 7.00%) per annum.

7.1 Units of mutual funds

Name of Investee Funds	As at July 1, 2021	Purchases during the period	Bonus / Rights issue	Redemptions during the period	As at December 31, 2021	Cost of holdings as at December 31, 2021	Market value as at December 31, 2021	Market value as a percentage of Total Investments	Market value as a percentage of Net Assets	Market value as a percentage of Net Asset of the Investee Fund
	----- (Number of units) -----				----- (Rupees in '000) -----				----- % -----	
Active Allocation Plan										
HBL Islamic Equity Fund	408,139	28,904	-	186,122	250,921	26,082	22,103	0.79	0.78	0.81
HBL Islamic Income Fund	104,618	393	-	58,070	46,941	4,776	5,023	0.18	0.18	0.19
	512,757	29,297	-	244,192	297,862	30,858	27,126	0.97	0.96	1.00
Conservative Allocation Plan										
HBL Islamic Equity Fund	95,423	39,108	-	132,501	2,030	177	179	0.01	0.01	0.16
HBL Islamic Income Fund	401,954	23,732	-	419,053	6,633	710	710	0.03	0.03	0.63
	497,377	62,840	-	551,554	8,663	887	889	0.04	0.04	0.79
Total as at December 31, 2021	1,010,134	92,137	-	795,746	306,525	31,745	28,015			

8. PRELIMINARY EXPENSES AND FLOATION COSTS

	December 31, 2021 (Un-audited)			June 30, 2021 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
Note	(Rupees in '000)			(Rupees in '000)			
Opening balance	16	9	25	34	9	160	203
Add: cost incurred during the period	-	-	-	-	-	-	-
Less: amortised during the period	(9)	-	(9)	(18)	-	(160)	(178)
Closing balance	7	9	16	16	9	-	25

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

9. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	December 31, 2021 (Un-audited)			June 30, 2021 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
Note	(Rupees in '000)			(Rupees in '000)			
Advance tax	92	18	110	92	18	-	110
Prepaid legal fee	48	43	91	-	-	-	-
Prepaid listing fee	9	13	22	-	-	-	-
Receivable against sale of investment	-	-	-	-	-	-	-
	149	74	223	92	18	-	110

9.1 This pertains to tax erroneously collected by bank on markup on bank deposits which have been claimed on filing of tax returns by the Fund.

10. PAYABLE TO THE MANAGEMENT COMPANY

	December 31, 2021 (Un-audited)			June 30, 2021 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
	(Rupees in '000)			(Rupees in '000)			
Formation cost	-	-	-	-	-	1,860	1,860
Rumeration to the management company	1	4	5	1	1	-	2
Sindh sales tax on management company's rumeration	-	1	1	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	7	7	14	8	6	-	14
Sales load payable	-	-	-	13	358	-	371
	8	12	20	22	365	1,860	2,247

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2021 (Un-audited)			June 30, 2021 (Audited)			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
Note	(Rupees in '000)			(Rupees in '000)			
Withholding tax	4	1	5	4	1	2	7
Provision for Sindh Workers' Welfare Fund	-	-	-	541	49	1,170	1,760
Shariah advisory fee	88	14	102	62	2	8	72
Printing Charges	17	7	24	-	4	13	17
Auditors' remuneration	139	11	150	188	16	-	204
Dividend Payable	26	-	26	26	-	5	31
Payable against redemption of units	-	185	185	-	185	-	185
Other payables	40	-	40	49	-	208	257
	314	218	532	870	257	1,406	2,533

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

However, during the period, the SRB through its letter dated August 12, 2021 (received on August 13, 2021) to (MUFAP) has clarified that Asset Management Company's (AMCs) are covered under the term "financial institutions" as per the Sindh Workers' Welfare Fund 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 Sindh Workers' Welfare Fund 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 in HBL IFPF Active Allocation Plan and Rs 0.049 million in HBL IFPF Conservative Allocation Plan for the period from July 1, 2014 till August 12, 2021.

12. Bank balances of matured plans includes amount of Rs. 2.037 million pertaining to Strategic Allocation Plan matured on June 16, 2020 and Rs. 2.219 million pertaining to Islamic Capital Preservation Plan matured on October 01, 2020. Contingency regarding SWWF materialized during the period has been reclassified as payable to unitholders' from accrued expenses and other liabilities of matured plans. Furthermore, the remaining amount of Rs. 0.088 million and Rs. 1.049 million pertaining to Strategic Allocation Plan and Islamic Capital Preservation Plan respectively, will be reversed and the amounts will be refunded to the unitholders, if not materialized.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021 except those disclosed already.

14. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11 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 ending June 30, 2022 to its unit holders.

15. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Remuneration payable to Management Company and Trustee is determined in accordance with the provisions of the NBFC Rules, NBFC Regulations and the Trust Deed respectively.

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

15.1 Transactions during the period

	Half year ended December 31, 2021 (Un-audited)			Half year ended December 31, 2020 (Un-audited)			
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	Total
(Rupees in '000)							
HBL Asset Management Limited - Management Company							
Management fee	2	7	9	-	7	863	870
Sindh Sales Tax on remuneration of the Management Company	-	1	1	-	1	112	113
Allocation of expenses related to registrar services, accounting, operation and valuation services	48	50	98	98	4	180	282
Redemption of 183,374 units (2020: Nil units)	18,616	-	18,616	-	-	-	-
Issue of 42,808 units (2020: Nil units)	-	5,000	5,000	-	-	-	-
Redemption of 477,878 units (2020: Nil units)	-	55,165	55,165	-	-	-	-
Habib Bank Limited - Sponsor							
Bank charges	8	9	17	5	6	1	12
Profit earned during the period*	23	54	77	3	16	4,773	4,792
MCB Financial Services Limited - Trustee							
Remuneration payable to the trustee	25	26	51	50	2	92	144
Muhammad Farooq Haydar - Connected Person due to 10% or more holding							
Issue of 1,723 units	-	200	200	-	-	-	-
Collective investment scheme managed by Management Company							
HBL Islamic Income Fund							
Purchase of 24,125 units (2020: 59,379 units)	40	2,533	2,573	-	4,454	-	4,454
Redemption of 477,123 units (2020: 373,044 units)	6,178	44,725	50,903	28,063	10,404	-	38,467
HBL Islamic Equity Fund							
Purchase of 68,012 units (2020: 17,166 units)	2,559	3,446	6,005	-	1,500	-	1,500
Redemption of 318,623 units (2020: 36,052 units)	16,475	11,553	28,028	384	2,747	-	3,131
HBL Islamic Stock Fund							
Redemption of Nil units (2020: 28,059 units)	-	-	-	3,087	-	-	3,087
HBL Islamic Dedicated Equity Fund							
Purchase of Nil units (2020: 251,913 units)	-	-	-	39,400	-	-	39,400
Redemption of Nil units (2020: 313,411 units)	-	-	-	-	-	30,290	30,290
Jubilee Insurance Company Ltd Staff Provident Fund							
Investment of Nil units (2020: 402 units)	-	-	-	-	-	43	43
Redemption of Nil Units (2020: 53,649 units)	-	-	-	-	-	5,685	5,685
Dividend Paid	-	-	-	-	-	43	43

* These carry profit rate ranging between 3.60% to 3.80% (June 2021 :3.50% to 3.80%) per annum.

15.2 Amounts outstanding as at period end

	December 31, 2021 (Un-audited)			June 30, 2021 (Audited)			Total
	Active Allocation Plan	Conservative Allocation Plan	Total	Active Allocation Plan	Conservative Allocation Plan	Islamic Capital Preservation Plan	
(Rupees in '000)							
HBL Asset Management Limited - Management Company							
Remuneration payable to the Management Company	1	4	5	1	1	-	2
Sindh Sales Tax payable on remuneration of the Management Company	-	1	1	-	-	-	-
Sales load payable	-	-	-	13	358	-	371
Allocation of expenses related to registrar services, accounting, operation and valuation services	7	7	14	8	6	-	14
Formation Cost payable	-	-	-	-	-	1,860	1,860
Habib Bank Limited - Sponsor							
Mark-up receivable on deposits with bank	7	31	38	2	1	1	4
Balance in savings account	170	339	509	281	208	2,467	2,956
MCB Financial Services Limited							
Remuneration payable	3	3	6	4	3	-	7
Hbl Asset Management Ltd Employees Provident Fund Associate							
Units held 12,039 units (June 30, 2021: Nil units)	1,233	-	1,233	-	-	-	-
Malik Habib Ur Rehman Awan - Connected Person due to 10% or more holding							
Units held 71,172 units (June 30, 2021: 71,172 units)	7,342	-	7,342	8,243	-	-	8,243
Khalid Ali - Connected Person Due To 10% or more holding							
Units held 37,092 units (June 30, 2021: Nil units)	3,797	-	3,797	-	-	-	-
Muneeza Kassim - Connected Person Due To 10% or more holding							
Units held 31,066 units (June 30, 2021: Nil units)	3,181	-	3,181	-	-	-	-
Trustees Premier Systems (Pvt) Ltd. Emp Provident Fund - Connected Person due to 10% or more holding							
Units held 30,317 units (June 30, 2021: Nil units)	3,104	-	3,104	-	-	-	-
Amjad Maqsood - Connected Person Due To 10% or more holding							
Units held 1,655 units (June 30, 2021: Nil units)	-	194	194	-	-	-	-
Mr Muhammad Ashraf - Connected Person Due To 10% or more holding							
Units held 5,243 units (June 30, 2021: Nil units)	-	615	615	-	-	-	-
Muhammad Farooq Haydar - Connected Person Due To 10% or more holding							
Units held 1,723 units (June 30, 2021: Nil units)	-	202	202	-	-	-	-
HBL Islamic Income Fund							
Units held 46,941 units (June 30, 2021: 104,617 units)	5,023	-	5,023	10,645	-	-	10,645
Units held 6,633 units (June 30, 2021: 401,954 units)	-	710	710	-	40,899	-	40,899
HBL Islamic Equity Fund							
Units held 250,921 units (June 30, 2021: 408,139 units)	22,103	-	22,103	42,885	-	-	42,885
Units held 2,030 units (June 30, 2021: 95,424 units)	-	179	179	-	10,026	-	10,026

Units as at December 31, 2021 are calculated on the basis of latest announced NAV i.e. December 31, 2021.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Held by Active Allocation Plan									
December 31, 2021 (Un-audited)									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Units of Mutual Funds	27,126	-	-	27,126	27,126	-	-	27,126
		<u>27,126</u>	<u>-</u>	<u>-</u>	<u>27,126</u>				
Financial assets not measured at fair value									
16.1	Bank balances	-	-	185	185				
	Accrued mark-up	-	-	7	7				
		<u>-</u>	<u>-</u>	<u>192</u>	<u>192</u>				
Financial liabilities not measured at fair value									
16.1	Payable to Management Company	-	-	8	8				
	Payable to Trustee	-	-	3	3				
	Accrued expenses and other liabilities	-	-	310	310				
		<u>-</u>	<u>-</u>	<u>321</u>	<u>321</u>				
Held by Active Allocation Plan									
June 30, 2021 (Audited)									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Units of Mutual Funds	53,530	-	-	53,530	53,530	-	-	53,530
		<u>53,530</u>	<u>-</u>	<u>-</u>	<u>53,530</u>				
Financial assets not measured at fair value									
16.1	Bank balances	-	-	789	789				
	Accrued mark-up	-	-	5	5				
		<u>-</u>	<u>-</u>	<u>794</u>	<u>794</u>				
Financial liabilities not measured at fair value									
16.1	Payable to Management Company	-	-	22	22				
	Payable to Trustee	-	-	4	4				
	Accrued expenses and other liabilities	-	-	325	325				
		<u>-</u>	<u>-</u>	<u>351</u>	<u>351</u>				

Held by Conservative Allocation Plan									
December 31, 2021 (Un-audited)									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Units of Mutual Funds	889	-	-	889	889	-	-	889
Financial assets not measured at fair value									
16.1	Bank balances	-	-	366					366
	Accrued mark-up	-	-	31					31
Financial liabilities not measured at fair value									
16.1	Payable to Management Company	-	-	12					12
	Payable to Trustee	-	-	3					3
	Accrued expenses and other liabilities	-	-	217					217
		-	-	232					232

Held by Conservative Allocation Plan									
June 30, 2021 (Audited)									
Note	Carrying Amount				Fair Value				
	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Units of Mutual Funds	50,925	-	-	50,925	50,925	-	-	50,925
Financial assets not measured at fair value									
16.1	Bank balances	-	-	584					584
	Accrued mark-up	-	-	7					7
Financial liabilities not measured at fair value									
16.1	Payable to Management Company	-	-	365					365
	Payable to Trustee	-	-	3					3
	Accrued expenses and other liabilities	-	-	207					207
		-	-	575					575

16.1 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.

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

17 TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2021 is 0.88% and 0.39% (December 31, 2020 : 0.63% and 1.07%) which includes 0.02% and 0.02% (December 31, 2020 : 0.27% and 0.14%) for Active Allocation Plan and Conservative Allocation Plan representing government levy, Sindh Worker's Welfare Fund and SECP fee.

18 CORRESPONDING FIGURES

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

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 11, 2022.

20 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL

HBL Islamic Dedicated Equity Fund

FUND INFORMATION

Name of Fund	HBL Islamic Dedicated Equity Fund
Name of Auditor	Yousuf Adil 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



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

HBL ISLAMIC DEDICATED EQUITY FUND

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

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

1. HBL Asset Management Company Limited, the Management Company of HBL Islamic Dedicated Equity Fund has, in all material respects, managed HBL Islamic Dedicated Equity Fund during the year ended 31st December 2021 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement

Authorize Signatory

Karachi: February 21, 2022

Perdesi House | 2/1 R-Y | Old Queens Road | Karachi – 74200 | Pakistan
+92-21-32419770 | www.digitalcustodian.co | info@digitalcustodian.co

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE ASSET MANAGEMENT COMPANY OF HBL ISLAMIC DEDICATED EQUITY FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Islamic Dedicated Equity Fund** (the "Fund") as at December 31, 2021, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows and notes to the condensed interim financial information for the six months period ended December 31, 2021 (here-in-after referred to as the 'condensed interim financial information'). **HBL Asset Management Limited** (the "Management Company") is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention to note 1.7 to the condensed interim financial information where it is stated that the nil value of net assets is in accordance with the Constitutive Documents of the Fund. Our conclusion is not qualified in respect of this matter.

Other matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

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



Chartered Accountants

Place: Karachi
Date: February 23, 2022

HBL Islamic Dedicated Equity Fund
Condensed Interim Statement of Assets and Liabilities (Un-Audited)
AS AT DECEMBER 31, 2021

		(Un-Audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	763	1,454
Dividend and profit receivable		-	20
Preliminary expenses and floatation costs		563	610
Advances, deposits and prepayments	5	5,506	5,422
Total Assets		6,832	7,506
LIABILITIES			
Payable to the Management Company	6	6,195	6,195
Payable to the Trustee		-	78
Payable to Securities and Exchange Commission of Pakistan		-	3
Accrued expenses and other liabilities	7	637	1,230
Total liabilities		6,832	7,506
NET ASSETS		-	-
UNIT HOLDERS' FUND (AS PER CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND)			
		-	-
Contingencies and commitments	8		
		----- (Number of units) -----	
Number of units in issue		-	-
		----- (Rupees) -----	
Net assets value per unit		-	-

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 Dedicated Equity Fund
Condensed Interim Income Statement (Un-Audited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Note	Six months period ended		Quarter ended	
		December 31,		December 31,	
		2021	2020	2021	2020
----- (Rupees in '000) -----					
Income					
Dividend income		-	19	-	-
Profit on bank deposits		66	70	66	41
Capital gain on sale of investments - net		-	3,120	-	21
		66	3,209	66	62
Net unrealised gain on re-measurement of investments classified at fair value through profit or loss		-	329	-	329
		66	3,538	66	391
Expenses					
Remuneration of the Management Company		-	118	-	33
Remuneration of the Trustee		17	74	17	11
Annual fee to Securities and Exchange Commission of Pakistan		-	1	-	-
Selling and marketing expenses	6.4	-	(175)	-	11
Allocation of expenses related to registrar services, accounting, operation and valuation services		-	8	-	2
Securities transaction cost		-	105	-	55
Auditors' remuneration		287	76	287	13
Settlement and Bank Charges		308	81	308	19
Shariah advisory fee		8	102	8	67
Other expenses		148	76	148	19
		768	466	768	230
		(702)	3,072	(702)	161
Reversal / (Provision) for Sindh Workers' Welfare Fund	7.2	702	(61)	702	(3)
Net income for the period before taxation		-	3,011	-	158
Taxation	9	-	-	-	-
Net income for the period after taxation		-	3,011	-	158
Allocation of net income for the period					
Income already paid on redemption of units		-	2,853	-	-
Accounting income available for distribution:					
- Relating to capital gains		-	158	-	158
- Excluding capital gains		-	-	-	-
		-	158	-	158
		-	3,011	-	158

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 Dedicated Equity Fund
Condensed Interim Statement of Comprehensive Income (Un-Audited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Six months ended December 31,		Quarter ended, December 31,	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net income for the period after taxation	-	3,011	-	158
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	3,011	-	158

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 Dedicated Equity Fund
Condensed Interim Statement of Movement in Unit Holders' Fund
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	December 31, 2021			December 31, 2020		
	Capital value	Undistributed income / (Accumulated loss)	Total	Capital value	Undistributed income / (Accumulated loss)	Total
	(Rupees in '000)					
Net assets at beginning of the period	-	-	-	119,577	(92,140)	27,437
Issue of Nil units (2020: 411,530 units)						
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	36,027	-	36,027
- Element of income / (loss)	-	-	-	4,173	-	4,173
Total proceeds on issuance of units	-	-	-	40,200	-	40,200
Redemption of Nil units (2020: 313,410 units)						
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	(27,437)	-	(27,437)
- Element of income	-	-	-	-	-	-
- Income paid on redemption	-	-	-	-	(2,853)	(2,853)
Total payments on redemption of units	-	-	-	(27,437)	(2,853)	(30,290)
Total comprehensive income for the period	-	-	-	-	3,011	3,011
Net assets at end of the period	-	-	-	132,340	(91,982)	40,358
Accumulated loss - net brought forward						
- Realised loss		-			(92,924)	
- Unrealised gain		-			784	
		-			(92,140)	
Accounting income available for distribution						
- Relating to capital gains		-			158	
- Excluding capital gains		-			-	
		-			(91,982)	
Undistributed loss - net carried forward						
- Realised loss		-			(92,311)	
- Unrealised gain		-			329	
		-			(91,982)	
				Rupees	Rupees	
Net assets value per unit at beginning of the period		-			87.5443	
Net assets value per unit at end of the period		-			96.0718	

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 Dedicated Equity Fund
Condensed Interim Cash Flow Statement (Unaudited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

	Note	Six months ended December 31,	
		2021	2020
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Net income for the period before taxation		-	3,011
Adjustments			
Capital gain during the period		-	(3,120)
Dividend Income		-	(19)
Profit on bank deposits		(66)	(70)
Preliminary expenses and floatation costs		47	59
Unrealised gain on re-measurement of investments classified at fair value through profit or loss		-	(329)
		(19)	(468)
(Increase) / decrease in assets			
Investments - net		-	(9,592)
Advances, deposits and prepayments		(84)	(131)
Receivable against sale of investments		-	1,186
		(84)	(8,537)
Increase / (decrease) in liabilities			
Payable to the Management Company		-	4,803
Payable to the Trustee		(78)	3
Payable to Securities and Exchange Commission of Pakistan		(3)	(28)
Accrued expenses and other liabilities		(593)	(1,524)
		(674)	3,254
		(777)	(5,751)
Dividend and profit received		86	754
		(691)	(4,997)
Net cash used in operating activities			
Cash flows from financing activities			
Amount received on issue of units		-	40,200
Payment against redemption of units		-	(30,290)
		-	9,910
Net (decrease) / increase in cash and cash equivalents			
		(691)	4,914
Cash and cash equivalents at beginning of the period		1,454	543
Cash and cash equivalents at end of the period		763	5,457

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 Dedicated Equity Fund

Notes to the Condensed Interim Financial Information (Unaudited)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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.
- 1.2 The Management Company of the Fund has been registered as Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block-5, Main Clifton Road, Clifton, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund.
- 1.4 The principal activity of the Fund is to provide capital appreciation to investors schemes by investing in Shariah Compliant equity securities.
- 1.5 VIS Credit Rating Company has assigned a management quality rating of AM2++ (stable Outlook) to the Management Company.
- 1.6 Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.
- 1.7 The Fund's only investors are other collective schemes, managed by the Management Company which are formed under "Fund of Fund" structure. Since the Fund's objective is to provide investment avenues to the allocation plans under fund of funds schemes managed by the Management Company, it may become zero as allowed under the terms of its Offering Document. Also as the Fund is not directly managing general public money therefore, it will have no effect if its AUM size reduced to nil at times.

Although, as of the period end the fund size is 'nil', however, the Management Company maintains that it has no intention to revoke or discontinue it within 12 months from the date of these financial information.

- 1.8 Pursuant to the enactment of the Sindh Trusts Act, 2020 (as amended vide Sindh Trusts (Amended) Act, 2021), the Trusts including Collective Investment Schemes, Private Funds, etc, being Specialized Trusts are required to be registered with the Assistant Directorate of Industries and Commerce (Trust Wing), Government of Sindh under Section 12 of the Sindh Trusts Act, 2020. In this regard, the Pension Fund Manager submitted restated Trust Deed of the Fund which was duly registered on August 17, 2021

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information 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 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; 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.

Wherever provisions of and directive issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ with the requirement of IAS 34 Interim Financial Reporting, the provisions of and directives

issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirement of the Trust Deed have been followed.

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

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

3.1 The accounting policies adopted in the preparation of this condensed interim financial information is 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 this condensed interim financial information in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported 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 standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that became effective during the period under review and are mandatory for the Fund's accounting period. These standards, interpretations and amendments are either not relevant to the Fund's operations or are not expected to have a significant effect on this condensed interim financial information.

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

	Note	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees in '000) -----			
4	BANK BALANCES		
	Balances with banks in:		
	Savings accounts	4.1 763	1,454
		<u>763</u>	<u>1,454</u>

4.1 The balance in savings accounts carry expected profit which ranges from 5% to 9% (June 2021:5.0% to 7.4% per annum.)

	(Un-Audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees in '000) -----		
5	ADVANCES, DEPOSITS AND PREPAYMENTS	
	Security deposit with National Clearing Company of Pakistan Limited	2,500 2,500
	Security deposit with Central Depository Company of Pakistan Limited	100 100
	Prepaid registration fee	84 -
	Advance Tax	2,822 2,822
		<u>5,506 5,422</u>

	Note	(Un-Audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021
6 PAYABLE TO THE MANAGEMENT COMPANY			
Management fee	6.1	169	169
Sindh Sales Tax on Management Company's remuneration	6.2	22	22
Allocation of expenses related to registrar services, accounting, operation and valuation services	6.3	16	16
Selling and marketing expenses	6.4	-	-
Other Payable to management company	6.5	5,988	5,988
		6,195	6,195

6.1 As per the offering document of the Fund the maximum limit of management fee is 3% per annum of Average Annual Net Assets.

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

6.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company has charged expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS). Currently, the expense is charged at the rate of 0.161% of average annual net assets of the fund (June 30, 2020: 0.1610%).

6.4 SECP vide SRO 639(I)/2019 dated June 20, 2019 has removed cap of 0.4 percent (of average net assets, calculated on daily basis), on charging of selling and marketing expenses which are charged by Asset Management Companies to all categories of open-end mutual funds (except fund of funds). The selling and marketing expenses charged by the Asset Management Company at the rate of 0.75% (2020: 0.4% to 0.75%) of average annual net assets of the Fund. There arose a debit balance of Rs. 0.012 million at end of the year as a result of reversal of Rs. 0.215 million, during the year, of excess selling and marketing expense charged to the Fund by Management Company in prior year. The net reversal in income statement represents expense for the period net of aforesaid reversal recorded during the year.

6.5 This represents interest-free loan of Rs. 6 million from Management Company to the Fund repayable on demand net off debit balance of Rs. 0.012 million as explained in note 6.4 above.

	Note	(Un-Audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
Charity payable	7.1	-	55
Auditors' remuneration		614	412
Payable to brokers		-	18
Payable to NCCPL		23	-
Provision for Sindh Workers' Welfare Fund	7.2	-	702
Payable to shariah advisor		-	43
		637	1,230

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

7.2 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Government of Sindh introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The MUFAP, 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.

During the current year, SRB through its letter dated August 12, 2021 (received on August 13, 2021) to 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 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.

The Fund ceased to charge further provision for SWWF and has reversed full provision for SWWF amounting to Rs. 0.702 million charged till June 30, 2021.

8. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at December 31, 2021 and June 30, 2021.

9. 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. 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.

10. 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, MCBFSL, 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.

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

	(Un-Audited) December 31, 2021	(Un-Audited) December 31, 2020
	----- (Rupees in '000) -----	
10.1 Transactions during the period		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	-	118
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	8
Selling and marketing expenses	-	(175)
MCB Financial Services Limited - Trustee		
Remuneration	17	74
MCBFSL Trustee HBL IFPF Islamic Capital Preservation Plan		
Redemption of Nil units (2020: 313,411 units)	-	30,290
MCBFSL Trustee HBL IFPF Active Allocation Plan		
Issue of Nil units (2020: 251,913 units)	-	24,600
MCBFSL Trustee HBL Financial Planning Fund Active Allocation Plan		
Issue of Nil units (2020: 159,617 units)	-	15,600
10.2 Amounts outstanding as at period / year end		
HBL Asset Management Limited - Management Company		
Management remuneration payable including sales tax thereon	191	191
Allocation of expenses related to registrar services, accounting, operation and valuation services	16	16
Other payable	5,988	5,988
MCB Financial Services Limited - Trustee		
Remuneration payable including sales tax thereon	-	78
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 (SECP), the total expense ratio of the Fund for the six months period ended December 31, 2021 is Nil (2020: 3.85%) which includes Nil (2020: 0.44%) representing Government levy, Sindh Worker's Welfare Fund and SECP fee.		
12. GENERAL		
12.1	Figures have been rounded off to the nearest thousand rupees.	
12.2	Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure, effect of which is not material.	

12.3 This condensed interim financial information is unaudited and has been reviewed by the auditors. Further, the figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2021 have not been reviewed.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 11, 2022 .

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

Chief Financial Officer

Chief Executive Officer

Director



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

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

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