

**HBL**

**ASSET MANAGEMENT LTD.**

**ايسيت مينجمنت لميٽ**

AMC Rating : AM1 by VIS



# HBL Islamic Pension Fund & HBL Pension Fund Annual Report 2022-23

MOVING TOWARDS  
**EXCELLENCE**

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# OUR VISION

Enabling people to  
advance with  
confidence and  
success.

# OUR MISSION

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

## PROGRESSIVENESS

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

## EXCELLENCE

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

## MERITOCRACY

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

## OUR CORPORATE VALUES

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

## INTEGRITY

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

## CUSTOMER FOCUS

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

## Management Company

### HBL Asset Management Limited

#### Board of Directors (Composition as of August 25, 2023)

<b>Chairman</b>	Mr. Shahid Ghaffar	(Independent Director)
<b>Directors</b>	Mr. Mir Adil Rashid	(Chief Executive Officer)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Khalid Malik	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)
	Mr. Tariq Masaud	(Non-Executive Director)
	Mr. Abrar Ahmed Mir	(Non-Executive Director)
	Mr. Abid Sattar	(Independent Director)

#### Audit Committee

Chairman	Mr. Khalid Malik	(Independent Director)
Members	Ms. Ava Ardeshir Cowasjee	(Independent Director)
	Mr. Rayomond H. Kotwal	(Non-Executive Director)

#### Human Resource & Remuneration Committee

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

#### Risk Management Committee

Chairman	Mr. Shahid Ghaffar	(Independent Director)
Members	Mr. Tariq Masaud	(Non-Executive Director)
	Mr. Abid Sattar	(Independent Director)

#### Technology Committee

Chairman	Mr. Abrar Ahmed Mir	(Non-Executive Director)
Members	Mr. Abid Sattar	(Independent Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Director)

#### Company Secretary & Chief Financial Officer

Mr. Noman Qurban

#### AMC Rating

AM1 (Stable Outlook)

#### Legal Advisor

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

#### Website

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

#### Head Office & Registered Office

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

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report along with Financial Statements Report of HBL Pension Fund and HBL Islamic Pension Fund (the Funds) for the year ended June 30, 2023.

### ECONOMIC REVIEW

Pakistan navigated a demanding fiscal year in FY23, marked by a significant slowdown in economic growth to a mere 0.3%. This stark decline from the previous year's 6.1% growth and the nation's historical GDP growth rate of 5% was largely attributed to a confluence of factors, including extensive flooding, inflationary pressures, and a challenging global economic landscape.

In FY23, key sectors exhibited signs of strain. The agriculture sector's growth slowed to 1.55%, compared to 4.27% in the previous year, while the services sector posted a modest 0.9% growth, down from 6.6% in FY22. The manufacturing sector faced a notable setback, contracting by 3.9%, a sharp contrast to the 10.9% growth seen the year before. This slowdown was driven by decreased aggregate demand, higher interest rates, and import restrictions, as reflected in the Large Scale Manufacturing (LSM) data, which plummeted by 10% in FY23.

Responding to mounting external account and inflationary concerns, the State Bank of Pakistan (SBP) took significant policy actions, raising the policy rate cumulatively by 825bps to 22%. Simultaneously, administrative measures were implemented to curb imports and address the current account deficit (CAD). Imports fell by 27% YoY to USD 52bn in FY23, and while exports & remittances also dipped, the substantial reduction in imports helped narrow the CAD to USD 2.4bn from the previous year's USD 17.5bn.

Pakistan's foreign exchange reserves and currency value faced substantial pressure throughout FY23. SBP's reserves declined to USD 4.5bn in June 2023, compared to USD 9.8bn in the same period the previous year. The Pakistani Rupee (PKR) depreciated by 28% against the USD, with the exchange rate closing at PKR 286 against USD in June 2023, up from PKR 204.85 in June 2022.

Inflation surged during FY23, with the Consumer Price Index (CPI) reaching 29%, compared to 12% in the previous year. The primary drivers of this spike were food and fuel inflation, with food inflation surging to 39% due to extensive flooding and transportation costs driven by currency devaluation and rising fuel prices, causing an overall increase in CPI and food inflation. The transport segment witnessed a staggering 50% increase.

Pakistan's fiscal deficit for FY23 stood at 7.7% of GDP or PKR 6.5 trn, slightly lower than the previous year's 7.9% of GDP or PKR 5.3trn. Tax revenues rose by 16% to PKR 7.8trn, driven by increased direct taxes, while non-tax revenues increased by 38% to PKR 1.8trn, primarily due to higher petroleum levies. Total expenditures increased by 25% to PKR 16.5trn, mainly due to higher markup payments, reaching PKR 5.8 trn (almost double the previous year)

### STOCK MARKET REVIEW

Economic uncertainties also impacted the stock market sentiments and performance during FY23 as after making a high of 43,677 index points on Aug 17, 2023 (up 5% since June-2022), the index declined to 41,452 (down 5% from peak) by June-2023, which is flat when compared to June-2022, while KMI-30 index posted a muted gain of 3% in FY'23. The lack luster activity at the bourse was due to delay in IMF program where the 9th review (scheduled for Sep-22) was not completed. To note, the 3-year Extended Fund Facility (EFF) with IMF was supposed to conclude in June 2023. This delay led to economic uncertainty especially on external account front where depleting foreign exchange reserves had raised fears of default. Pakistan, later during the year raised electricity tariff, increased sales tax and made amendments in finance bill that eventually led to signing of a new standby agreement (SB) for 9-month for USD 3bn at end of June-2023. The delay in IMF program along with rising inflation and interest rates also resulted in pressure on equity market where investors switched to fixed income market.

During the year, total traded volume and value was down 34% and 37% to 191mn shares and PKR 6.1trn. Total traded volume of KMI-30 index was up 6% to 55mn shares whereas total traded value was down 14% to PKR 3.1bn during FY '23. On the flows front, foreigners were net buyers of USD 1.6mn during FY23 as against selling of USD 297mn during the previous year. Amongst locals, mutual funds and insurance companies were net sellers to the tune of USD 145mn and USD 124mn, respectively.

## MONEY MARKET REVIEW

Inflation during FY23 reached a peak of 38% in May-23 which is a multi-decade high and averaged 29% in FY23, forcing SBP to aggressively tighten the policy rate. As a result, SBP cumulatively increased the policy rate by 825bps to 22%. SBP has highlighted rising inflationary pressures, external account concerns and rising global interest rates as key factors behind aggressive monetary tightening during FY23. Secondary market yields have also moved in tandem with 1Y T-Bills rising by 763bps in FY23 to 22.93%. Similarly, 3Y and 5Y Bond yields were up 600bps and 315bps in FY23 to 19.5% and 16.1%, respectively.

During the last T-Bill auction held on 21st Jun-23, government raised PKR 2.4trn as against the target of PKR 2.3trn where cut-off yields remained largely flat as 3M, 6M and 12M T-Bills were yielding 22.0%, 21.97%, and 22.0%.

During the last Sukuk auction held on 22nd June-2023, government raised PKR 76bn from Fixed Rental Rate (FRR) Sukuk against target of PKR 60bn. Yield on 1-year Sukuk stood at 21.29% whereas on 3-year Sukuk stood at 18.49%. In Variable Rate Sukuk (VRR) auction, government raised PKR 81bn against target of PKR 130bn. The cut-off for 1-Year VRR stood at 22.87%.

## FUTURE OUTLOOK

The completion of IMF action plans will be pivotal for Pakistan's economic prospects. Inflation is expected to remain elevated in FY24 due to expected adjustments in electricity and gas tariffs, rising commodity prices, and currency devaluation. SBP is likely to maintain its tight monetary policy, with the potential for interest rate reversal in 2HFY24 as inflation is expected to drop below 20% due to base effects.

Progress on reform agendas, particularly in the energy sector, taxation, and loss-making public sector entities, will be crucial for curbing the government's expanding fiscal deficit.

Despite economic challenges, ample liquidity is available in the market as evident from increase in industry's assets under management (AUMs) exceeding PKR 1.6 trillion in FY23, marking a 33% YoY increase. In a high-interest-rate environment, investments are expected to lean towards fixed-income funds, but with equities trading at historically low valuations and expectations of an interest rate reversal in 2HFY24, investments in equities are anticipated to gain momentum. Over the medium to long term, equities are expected to outperform other asset classes.

## Fund's Performance

### HBL Pension Fund

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

The Fund as a whole earned a total and net income of Rs. 146.43 million and Rs. 133.93 million respectively during the year under review. The fund size increased from Rs. 831.41 million as on June 30, 2022 to Rs. 1,141.42 million as at June 30, 2023 thereby showing an increase of 37% during the year under review. Performance review for each sub Fund is given below:

### Equity Sub-Fund

During the year under review, the Equity sub-fund earned and incurred a total income and net loss of Rs. 1.06 million and Rs. 1.94 million respectively. The net assets of the Equity sub-fund was Rs. 57.37 million representing Net Asset Value (NAV) of Rs. 301.5172 per unit as at June 30, 2023. The Sub Fund yielded a negative return of 3.55% for the year under review. The Fund is invested to the extent of 90% in equities.

### Debt Sub-Fund

During the year under review, the Debt sub-fund earned total and net income of Rs. 54.16 million and Rs. 50.28 million respectively. The net assets of the Debt sub-fund was Rs. 379.61 million representing Net Asset Value (NAV) of Rs. 278.6710 per unit as at June 30, 2023. The Fund yielded annualized return of 17.87% for the year under review.

### Money Market Sub-Fund

During the year under review, the Money Market sub-fund earned total and net income of Rs. 91.20 million and Rs. 85.57 million respectively. The net assets of the Money Market sub-fund was Rs. 704.45 million representing Net Asset Value (NAV) of Rs. 243.0594 per unit as at June 30, 2023. An annualized return of 18.06% was earned by the Fund for the year under review.

## **HBL Islamic Pension Fund**

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

The Fund as a whole earned a total and net income of Rs. 54.73 million and Rs. 46.65 million respectively during the year under review. The fund size increased from Rs. 343.34 million as at June 30, 2022 to Rs. 641.32 million as at June 30, 2023 showing an increase of 87%. Performance review for each sub Fund is given below:

### **Equity Sub-Fund**

During the year under review, the Equity sub-fund incurred a total and net loss of Rs. 2.29 million and Rs. 6.09 million respectively. The net assets of the Equity sub-fund was Rs. 85.56 million representing Net Asset Value (NAV) of Rs. 325.4694 per unit as at June 30, 2023. The Fund yielded a negative return of 7.82% for the year. The Sub Fund is invested to the extent of 87% in equities.

### **Debt Sub-Fund**

During the year under review, the Debt sub-fund earned total and net income of Rs. 29.82 million and Rs. 27.47 million respectively. The net assets of the Debt sub-fund was Rs. 263.99 million representing Net Asset Value (NAV) of Rs. 219.5149 per unit as at June 30, 2023. The Fund yielded annualized return of 17.16% for the year under review.

### **Money Market Sub-Fund**

During the year under review, the Money Market sub-fund earned total and net income of Rs. 27.20 million Rs. 25.28 million respectively. The net assets of the Money Market sub-fund was Rs. 291.77 million representing Net Asset Value (NAV) of Rs. 213.3260 per unit as at June 30, 2023. An annualized return of 16.94% was earned by the Fund for the year under review.

### **Auditors**

M/s Yousuf Adil & Co., Chartered Accountants, existing auditors of HBL Pension Fund and HBL Islamic Pension Fund have retired. The Board of Directors on the recommendation of the Audit Committee, has appointed M/s. BDO Ebrahim & Co., Chartered Accountants as Auditors of these Funds for the year ending June 30, 2024.

### **Acknowledgement**

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

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

**On behalf of the Board of  
HBL Asset Management Limited**

**Chief Executive Officer**

## FUND INFORMATION

### NAME OF FUND

**HBL** Islamic Pension Fund

### NAME OF AUDITOR

Yousuf Adil Chartered Accountants

### NAME OF TRUSTEE

Central Depository Company of Pakistan

### NAME OF BANKERS

Habib Bank Limited  
Faysal Bank Limited  
Bank Islami Paksitan Limited  
Soneri Bank  
Bank Al Habib Limited  
Meezan Bank  
Dubai Islamic Bank  
Allied Bank  
Habib Metropolitan Bank  
United Bank Limited  
Bank Alfalah Limited  
Al Baraka Bank Limited

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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**TRUSTEE REPORT TO THE PARTICIPANTS**

**HBL ISLAMIC PENSION FUND**

**Report of the Trustee pursuant to Regulation 67D in conjunction with 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 Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Pension Fund Manager has in all material respects managed the Fund during the year ended June 30, 2023 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Further, in our opinion, the management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework.

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

Karachi, September 28, 2023



ASSET MANAGEMENT LTD.  
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## STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Pension Fund (the fund) has fully complied with the Shariah Principles specified in Trust Deed and in the guideline issued by the Shariah Advisor for its operations, investment and placements made during the year ended June 30, 2023. This has been duly confirmed by the Shariah Advisor of the Fund.

**Mir Adil Rashid**

Chief Executive Officer

Dated: August 25, 2023

HBL Asset Management Limited  
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Emerald Tower  
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Clifton, Karachi

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www.hblasasset.com

September 26, 2023



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

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

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

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

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2023 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Islamic Pension Fund (HBL-IPF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

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

والله أعلم بالصواب، وصلى الله على نبينا محمد وعلى آله وصحبه وبارك وسلم

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



Mufti Irshad Ahmad Aijaz  
Member Shariah Council



Faraz Younus Bandukda, CFA  
Chief Executive

## INDEPENDENT AUDITOR'S REPORT

**To the participants of HBL Islamic Pension Fund**

**Report on the audit of the financial statements**

### Opinion

We have audited the financial statements of **HBL Islamic Pension Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement and statement of comprehensive income, the statement of cash flows, the statement of movement in participants' sub funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

### Basis for opinion

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

### Information other than the financial statements and auditor's report thereon

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

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

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

### Responsibilities of Pension Fund Manager and Those Charged with Governance for the financial statements

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



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

Board of Directors of the Pension Fund Manager are responsible for overseeing the Fund's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Pension Fund Manager.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on other legal and regulatory requirements**

Based on our audit, we further report that in our opinion:

- a) the financial statements prepared for the year ended June 30, 2023 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;



# ◆ YOUSUF ADIL

Yousuf Adil  
Chartered Accountants

- b) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- c) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- d) proper books and records have been kept by the Fund and the financial statements prepared are in agreement with the Fund's books and records;
- e) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for all purpose of the audit; and
- f) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

  
Chartered Accountants

**Place:** Karachi

**Date:** September 25, 2023

**UDIN:** AR202310057FUZYCSP03

## **Independent Reasonable Assurance Report to the Participants on the statement of compliance with the Shariah Principles**

### **1. Introduction**

We were engaged by the Board of Directors of HBL Asset Management Company Limited, Management Company of HBL Islamic Pension Fund (the Fund) to report on Fund's compliance with the as set out in the annexed statement prepared by the Management Company for the year ended June 30, 2023, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of the Fund's Compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

### **2. Applicable criteria**

The criteria against which the subject matter information (the statement) is assessed comprise of Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The above criteria were evaluated for their implementation on the financial statements of the Fund for the year ended June 30, 2023.

### **3. Responsibilities of the Management Company**

The Management Company is responsible for the preparation of the annexed statement that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. The Management Company is also responsible to ensure that the financial arrangements and transactions having Shariah implications entered into by the Fund are in substance and their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

### **4. Our independence and quality control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial information, and other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements professional standards and applicable legal and regulatory requirements.



## 5. Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standards required that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with Shariah principles and guidelines whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to financial arrangements and transactions having Shariah implications, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Fund's internal controls. Reasonable assurance is less than absolute assurance.

The procedures performed included performing test of controls for making investments, maintaining bank accounts and transferring impure income to charity in accordance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

## 6. Conclusion

Our conclusion has been formed on the basis of, and subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide the basis for our conclusion.

In our opinion, the annexed statement, for the year ended June 30, 2023, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.



Chartered Accountants

Date: September 27, 2023  
Place: Karachi

# HBL ISLAMIC PENSION FUND

## Statement of Assets and Liabilities

As at June 30, 2023

	Note	2023				2022			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)				(Rupees in '000)			
<b>ASSETS</b>									
Bank balances	5	5,752	115,934	93,778	215,464	4,065	88,713	88,027	180,805
Investments	6	75,967	142,486	191,097	409,550	127,886	20,842	10,000	158,728
Dividend and profit receivable	7	149	8,429	10,186	18,764	187	2,017	1,815	4,019
Deposits and other receivable	8	5,292	350	454	6,096	2,780	142	114	3,036
<b>TOTAL ASSETS</b>		<b>87,160</b>	<b>267,199</b>	<b>295,515</b>	<b>649,874</b>	<b>134,918</b>	<b>111,714</b>	<b>99,956</b>	<b>346,588</b>
<b>LIABILITIES</b>									
Payable to HBL Asset Management Limited - Pension Fund Manager	9	110	308	351	769	368	72	45	485
Payable to Central Depository Company of Pakistan Limited - Trustee	10	14	35	38	87	24	17	15	56
Payable to Securities and Exchange Commission of Pakistan	11	34	67	61	162	44	24	19	87
Accrued expenses and other liabilities	12	1,442	2,802	3,295	7,539	1,380	715	522	2,617
<b>TOTAL LIABILITIES</b>		<b>1,600</b>	<b>3,212</b>	<b>3,745</b>	<b>8,557</b>	<b>1,816</b>	<b>828</b>	<b>601</b>	<b>3,245</b>
<b>NET ASSETS</b>		<b>85,560</b>	<b>263,987</b>	<b>291,770</b>	<b>641,317</b>	<b>133,102</b>	<b>110,886</b>	<b>99,355</b>	<b>343,343</b>
<b>PARTICIPANTS' SUB FUNDS (AS PER STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS)</b>		<b>85,560</b>	<b>263,987</b>	<b>291,770</b>	<b>641,317</b>	<b>133,102</b>	<b>110,886</b>	<b>99,355</b>	<b>343,343</b>
<b>Contingencies and commitments</b>									
		Number of units				Number of units			
Number of units in issue	14	262,883	1,202,593	1,367,718	2,833,194	376,992	591,819	544,634	1,513,445
		Rupees				Rupees			
Net assets value per unit		325.4694	219.5149	213.3260		353.0630	187.3649	182.4250	

The annexed notes from 1 to 27 form an integral part of these financial statements.

For HBL Asset Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director

# HBL ISLAMIC PENSION FUND

## Income Statement and Statement of Comprehensive Income

For the year ended June 30, 2023

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000)				(Rupees in '000)			
<b>INCOME</b>								
Dividend income	5,930	-	-	5,930	6,893	-	-	6,893
Profit on bank deposits	172	13,890	15,026	29,088	205	5,324	5,913	11,442
Profit / return on investments	-	14,446	11,247	25,693	-	3,928	1,506	5,434
Net (loss) / gain on sale of investments	(6,442)	1,523	831	(4,088)	(26,585)	160	91	(26,334)
Net unrealised (loss) / gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1,947)	(41)	97	(1,891)	(23,979)	9	-	(23,970)
<b>Total (loss) / Income</b>	<b>(2,287)</b>	<b>29,818</b>	<b>27,201</b>	<b>54,732</b>	<b>(43,466)</b>	<b>9,421</b>	<b>7,510</b>	<b>(26,535)</b>
<b>EXPENSES</b>								
Remuneration to HBL Asset Management Limited - Pension Fund Manager	1,549	1,728	1,356	4,633	3,862	1,264	903	6,029
Remuneration of Central Depository Company of Pakistan Limited - Trustee	145	285	260	690	298	160	127	585
Annual fee to Securities and Exchange Commission of Pakistan	34	67	61	162	44	24	19	87
Auditors' remuneration	72	214	190	476	212	97	78	387
Settlement and bank charges	68	44	46	158	53	43	40	136
Fee and subscriptions	421	-	-	421	508	44	33	585
Charity expense	334	-	-	334	333	-	-	333
Printing and Stationery	14	11	10	35	-	-	-	-
Security transactions cost	1,170	-	-	1,170	570	-	-	570
<b>Total expenses</b>	<b>3,807</b>	<b>2,349</b>	<b>1,923</b>	<b>8,079</b>	<b>5,880</b>	<b>1,632</b>	<b>1,200</b>	<b>8,712</b>
<b>Net (loss) / income from operating activities</b>	<b>(6,094)</b>	<b>27,469</b>	<b>25,278</b>	<b>46,653</b>	<b>(49,346)</b>	<b>7,789</b>	<b>6,310</b>	<b>(35,247)</b>
Reversal of provision for Sindh Workers' Welfare Fund	-	-	-	-	3,077	381	282	3,740
<b>Net (loss) / income for the year before taxation</b>	<b>(6,094)</b>	<b>27,469</b>	<b>25,278</b>	<b>46,653</b>	<b>(46,269)</b>	<b>8,170</b>	<b>6,592</b>	<b>(31,507)</b>
Taxation	-	-	-	-	-	-	-	-
<b>Net (loss) / income for the year after taxation</b>	<b>(6,094)</b>	<b>27,469</b>	<b>25,278</b>	<b>46,653</b>	<b>(46,269)</b>	<b>8,170</b>	<b>6,592</b>	<b>(31,507)</b>
<b>Other comprehensive income</b>								
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(6,094)</b>	<b>27,469</b>	<b>25,278</b>	<b>46,653</b>	<b>(46,269)</b>	<b>8,170</b>	<b>6,592</b>	<b>(31,507)</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

# HBL ISLAMIC PENSION FUND

## Statement of Movement in Participants' SUB Funds

For the year ended June 30, 2023

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
<b>Note</b>	----- (Rupees in '000) -----							
Net assets at beginning of the year	133,102	110,886	99,355	343,343	196,033	86,844	64,519	347,396
Amount received on issuance of units	36,903	180,751	205,595	423,249	142,354	140,240	139,161	421,755
Amount paid on redemption of units	(58,163)	(58,898)	(54,867)	(171,928)	(163,350)	(120,856)	(110,095)	(394,301)
Reallocation among funds	(20,188)	3,779	16,409	-	4,334	(3,512)	(822)	-
	(41,448)	125,632	167,137	251,321	(16,662)	15,872	28,244	27,454
Net (loss) / gain on sale of investments	(6,442)	1,523	831	(4,088)	(26,585)	160	91	(26,334)
Net unrealised (loss) / gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss	(1,947)	(41)	97	(1,891)	(23,979)	9	-	(23,970)
Other net income for the year	2,295	25,987	24,350	52,632	4,295	8,001	6,501	18,797
<b>Total comprehensive (loss) / income for the year</b>	<b>(6,094)</b>	<b>27,469</b>	<b>25,278</b>	<b>46,653</b>	<b>(46,269)</b>	<b>8,170</b>	<b>6,592</b>	<b>(31,507)</b>
<b>Net assets at end of the year</b>	<b>85,560</b>	<b>263,987</b>	<b>291,770</b>	<b>641,317</b>	<b>133,102</b>	<b>110,886</b>	<b>99,355</b>	<b>343,343</b>
Net assets value per unit at beginning of the year	353.0630	187.3649	182.4250		465.5652	172.1510	167.7456	
Net assets value per unit at end of the year	325.4694	219.5149	213.3260		353.0630	187.3649	182.4250	

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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

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

\_\_\_\_\_  
Director

# HBL ISLAMIC PENSION FUND

## Cash Flow Statement

For the year ended June 30, 2023

Note	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Net (loss) / income for the year before taxation	(6,094)	27,469	25,278	46,653	(46,269)	8,170	6,592	(31,507)
<b>Adjustments for:</b>								
Net loss / (gain) on sale of investments	6,442	(1,523)	(831)	4,088	26,585	(160)	(91)	26,334
Net unrealized loss / (gain) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	1,947	41	(97)	1,891	23,979	(9)	-	23,970
Dividend income	(5,930)	-	-	(5,930)	(6,893)	-	-	(6,893)
Profit on bank deposits	(172)	(13,890)	(15,026)	(29,088)	(205)	(5,324)	(5,913)	(11,442)
Profit from investments	-	(14,446)	(11,247)	(25,693)	-	(3,928)	(1,506)	(5,434)
Reversal of provision for Sindh Workers' Welfare Fund	-	-	-	-	(3,077)	(381)	(282)	(3,740)
	(3,807)	(2,349)	(1,923)	(8,079)	(5,880)	(1,632)	(1,200)	(8,712)
<b>Decrease / (increase) in assets</b>								
Investments - net	43,530	(120,162)	(180,169)	(256,801)	9,670	26,451	4,719	40,840
Deposits and other receivable	(2,512)	(208)	(340)	(3,060)	(87)	152	19	84
	41,018	(120,370)	(180,509)	(259,861)	9,583	26,603	4,738	40,924
<b>(Decrease) / increase in liabilities</b>								
Payable to HBL Asset Management Limited - Pension Fund Manager	(258)	236	306	284	102	(63)	(54)	(15)
Payable to Central Depository Company of Pakistan Limited - Trustee	(10)	18	23	31	(5)	3	4	2
Payable to Securities and Exchange Commission of Pakistan	(10)	43	42	75	4	3	2	9
Accrued expenses and other liabilities	62	2,087	2,773	4,922	(265)	(114)	(291)	(670)
	(216)	2,384	3,144	5,312	(164)	(171)	(339)	(674)
Dividend received	5,928	-	-	5,928	6,945	-	-	6,945
Profit received on bank deposits	212	11,305	12,067	23,584	35	4,296	4,979	9,310
Profit received on investments	-	10,619	5,835	16,454	-	3,958	1,338	5,296
<b>Net cash generated / (used in) from operating activities</b>	<b>43,135</b>	<b>(98,411)</b>	<b>(161,386)</b>	<b>(262,628)</b>	<b>10,519</b>	<b>33,054</b>	<b>9,516</b>	<b>31,538</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>								
Amount received on issue of units	36,903	180,751	205,595	423,249	142,354	140,240	139,161	421,755
Amount paid on redemption of units	(58,163)	(58,898)	(54,867)	(171,928)	(163,350)	(120,856)	(110,095)	(394,301)
Reallocation among funds	(20,188)	3,779	16,409	-	4,334	(3,512)	(822)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(41,448)</b>	<b>125,632</b>	<b>167,137</b>	<b>251,321</b>	<b>(16,662)</b>	<b>15,872</b>	<b>28,244</b>	<b>27,454</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>	<b>1,687</b>	<b>27,221</b>	<b>5,751</b>	<b>(11,307)</b>	<b>(6,143)</b>	<b>48,926</b>	<b>37,760</b>	<b>58,992</b>
Cash and cash equivalents at beginning of the year	4,065	88,713	88,027	180,805	10,208	39,787	50,267	100,262
<b>Cash and cash equivalents at end of the year</b>	<b>5,752</b>	<b>115,934</b>	<b>93,778</b>	<b>215,464</b>	<b>4,065</b>	<b>88,713</b>	<b>88,027</b>	<b>180,805</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

The Fund offers five types of allocation schemes, as prescribed by the SECP under NBFC Regulations, 2008, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The allocation to the Sub-Funds has to be done at the date of opening of contributor's pension account and on an anniversary date thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis.

VIS Credit Rating Agency has assigned management quality rating of 'AM1' (Stable Outlook) on December 30, 2022 (June 2022:AM2++) to the Pension Fund Manager while the Fund is currently not rated.

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

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 (as amended vide Sindh Trusts (Amended) Act, 2021). In this regard, the Pension Fund Manager submitted restated Trust Deed of the Fund which was duly registered on September 08, 2021.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

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

### **2.2 Critical accounting estimates and judgments**

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

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

- (a) classification and measurement of financial assets (Note 4.2.1.1)
- (b) impairment of financial assets (Note 4.2.1.3)
- (c) provisions (Note 4.8)
- (d) classification and measurement of financial liabilities (Note 4.2.2.1)
- (e) contingencies and commitments (Note 18)

### 2.3 Basis of Measurement

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

### 2.4 Functional and presentation currency

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

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

### a) New amendments that are effective for the year ended June 30, 2023

The following amendments are effective for the year ended June 30, 2023. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

### b) New amendments that are not yet effective

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

	Effective from accounting period beginning on or after
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023

	Effective from accounting period beginning on or after
Amendments to IFRS 16 'Leases' -Lease Liability in a Sale and Leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments : Disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 4.1 Cash and cash equivalents

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

##### 4.2 Financial instruments

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

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

##### 4.2.1 Financial Assets

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

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

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

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

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

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

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

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

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

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

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

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities:

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

**Basis of valuation of debt securities:**

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

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

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

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

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

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

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

#### **4.2.1.4 Derecognition**

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

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

#### **4.2.2 Financial liabilities**

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

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

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

#### **4.2.2.2 Derecognition**

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

#### **4.2.2.3 Regular way contracts**

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

#### **4.2.2.4 Offsetting of financial instruments**

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

#### **4.3 Issue and redemption of units**

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

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

#### **4.4 Net asset value per unit**

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

#### **4.5 Revenue recognition**

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

#### 4.6 Expenses

All expenses including remuneration to Pension Fund Manager and Trustee, annual fee to the SECP and selling and marketing expense are recognised in the income statement on an accrual basis.

#### 4.7 Taxation

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

#### 4.8 Provisions

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

#### 4.9 Derivatives

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

#### 4.10 Distribution to the unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Pension Fund Manager. Based on the MUFAP guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

#### 4.11 Earnings per unit (EPU)

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

### 5. BANK BALANCES

	Note	2023				2022			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)									
Savings accounts	5.1	5,752	115,934	93,778	215,464	4,065	88,713	88,027	180,805

5.1 This includes balances of Rs. 4.6 million, Rs. 28.524 million & Rs. 24.333 million (2022: Rs.0.097 million, Rs.0.503 million & Rs.0.478 million) of equity sub-fund, debt sub-fund and money market sub-fund respectively placed with Habib Bank Limited (a related party) and these accounts carry profit at the rates of 5.50% to 6.5% (2022: 5.50% to 13.43%) respectively. Other savings accounts of the Fund carry profit at the rates of 5.50% to 19.50% (2022: 5.00% to 16.25%) per annum

**6. INVESTMENTS**

	2023				2022				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Note ----- (Rupees in '000) -----									
<b>At fair value through profit or loss</b>									
Listed equity securities	6.1	75,967	-	-	75,967	127,886	-	-	127,886
Government of Pakistan - Ijara sukuks	6.2	-	100,067	145,097	245,164	-	-	-	-
Corporate sukuk bonds	6.3	-	42,419	46,000	88,419	-	20,842	10,000	30,842
Commercial papers	6.4	-	-	-	-	-	-	-	-
		<b>75,967</b>	<b>142,486</b>	<b>191,097</b>	<b>409,550</b>	<b>127,886</b>	<b>20,842</b>	<b>10,000</b>	<b>158,728</b>

**6.1 Listed equity securities**

**Held by Equity Sub-Fund**

Name of the Investee Company	As at July 1, 2022	Purchases during the year	Bonus / Rights issue/(Share Adjustment)	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise ----- (Number of shares) ----- (Rupees in '000) -----										
<b>CEMENT</b>										
Attock Cement Limited	60,400	3,500	-	63,900	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Limited	9,900	30,200	-	40,100	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Limited	5,120	55,540	-	46,910	13,750	6,900	7,179	9.45%	8.39%	0.00%
D.G. Khan Cement Company Limited	-	214,905	-	135,000	79,905	4,192	4,099	5.40%	4.79%	0.02%
Cherat Cement Company Limited	-	75,800	-	52,300	23,500	2,793	2,827	3.72%	3.30%	0.01%
Pioneer Cement Limited	-	128,250	-	128,250	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	-	1,007,000	15,375	747,375	275,000	3,424	3,234	4.26%	3.78%	0.01%
Maple Leaf Cement Factory Limited	84,000	704,953	-	613,953	175,000	4,931	4,958	6.53%	5.79%	0.02%
	<b>159,420</b>	<b>2,220,148</b>	<b>15,375</b>	<b>1,827,788</b>	<b>567,155</b>	<b>22,240</b>	<b>22,297</b>	<b>29.36%</b>	<b>26.05%</b>	<b>0.06%</b>
<b>CHEMICAL</b>										
Engro Polymer & Chemicals Limited	32,500	56,500	-	89,000	-	-	-	0.00%	0.00%	0.00%
Lucky Core Industries Limited	-	2,800	-	2,800	-	-	-	0.00%	0.00%	0.00%
Descon Oxychem Limited	-	316,500	-	316,500	-	-	-	0.00%	0.00%	0.00%
Lotte Chemical Pakistan Limited	-	41,500	-	41,500	-	-	-	0.00%	0.00%	0.00%
	<b>32,500</b>	<b>417,300</b>	<b>-</b>	<b>449,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>COMMERCIAL BANKS</b>										
Bank Islami Pakistan Limited	235,000	381,500	-	436,989	179,511	2,961	3,188	4.20%	3.73%	0.02%
Faysal Bank Limited	-	181,500	-	181,500	-	-	-	0.00%	0.00%	0.00%
Meezan Bank Limited	103,788	170,500	6,878	222,126	59,040	5,363	5,099	6.71%	5.96%	0.00%
	<b>338,788</b>	<b>733,500</b>	<b>6,878</b>	<b>840,615</b>	<b>238,551</b>	<b>8,324</b>	<b>8,287</b>	<b>10.91%</b>	<b>9.69%</b>	<b>0.02%</b>
<b>ENGINEERING</b>										
Mughal Iron and Steel Industries Limited	45,438	119,100	-	164,538	-	-	-	0.00%	0.00%	0.00%
	<b>45,438</b>	<b>119,100</b>	<b>-</b>	<b>164,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>FERTILIZER</b>										
Engro Fertilizers Limited	89,700	161,000	-	180,896	69,804	5,894	5,761	7.58%	6.73%	0.01%
Engro Corporation Limited	48,450	75,535	-	111,385	12,600	3,538	3,275	4.31%	3.83%	0.00%
	<b>138,150</b>	<b>236,535</b>	<b>-</b>	<b>292,281</b>	<b>82,404</b>	<b>9,432</b>	<b>9,036</b>	<b>11.89%</b>	<b>10.56%</b>	<b>0.01%</b>
<b>OIL AND GAS EXPLORATION COMPANIES</b>										
Oil & Gas Development Company Limited	153,587	238,900	-	311,687	80,800	6,491	6,302	8.30%	7.37%	0.00%
Pakistan Oilfields Limited	16,890	12,631	-	29,521	-	-	-	0.00%	0.00%	0.00%
Mari Petroleum Company Limited	4,546	4,161	-	5,527	3,180	4,964	4,817	6.34%	5.63%	0.00%
Pakistan Petroleum Limited	135,293	373,873	-	403,554	105,612	6,752	6,246	8.22%	7.30%	0.00%
	<b>310,316</b>	<b>629,565</b>	<b>-</b>	<b>750,289</b>	<b>189,592</b>	<b>18,207</b>	<b>17,365</b>	<b>22.86%</b>	<b>20.30%</b>	<b>0.00%</b>
<b>OIL AND GAS MARKETING COMPANIES</b>										
Pakistan State Oil Company Limited*	51,023	25,900	-	76,686	237	27	26	0.03%	0.03%	0.00%
Attock Petroleum Limited	-	10,954	1,550	12,504	-	-	-	0.00%	0.00%	0.00%
Shell Pakistan Limited	-	34,500	-	34,500	-	-	-	0.00%	0.00%	0.00%
Sui Northern Gas Pipelines Limited	-	547,663	-	486,681	60,982	2,564	2,401	3.16%	2.81%	0.01%
	<b>51,023</b>	<b>619,017</b>	<b>1,550</b>	<b>610,371</b>	<b>61,219</b>	<b>2,591</b>	<b>2,427</b>	<b>3.19%</b>	<b>2.84%</b>	<b>0.01%</b>

Name of the Investee Company	As at July 1, 2022	Purchases during the year	Bonus / Rights issue/(Share Adjustment)	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of total investments of the sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise										
	(Number of shares)				(Rupees in '000)					
<b>FOOD AND PERSONAL CARE PRODUCT</b>										
The Organic Meat Company Limited	124,950	47,500	-	172,450	-	-	-	0.00%	0.00%	0.00%
Unity Foods Limited	128,500	68,000	-	196,500	-	-	-	0.00%	0.00%	0.00%
At-Tahur Limited	-	47,500	4,750	52,250	-	-	-	0.00%	0.00%	0.00%
	<b>253,450</b>	<b>163,000</b>	<b>4,750</b>	<b>421,200</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>MISCELLANEOUS</b>										
Pakistan Aluminium Beverage Cans Limited	-	18,500	-	18,500	-	-	-	0.00%	0.00%	0.00%
TPL Properties Limited	100,000	165,500	-	265,500	-	-	-	0.00%	0.00%	0.00%
	<b>100,000</b>	<b>184,000</b>	-	<b>284,000</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>PHARMACEUTICALS</b>										
Ferozsons Laboratories Limited	4,500	-	-	4,500	-	-	-	0.00%	0.00%	0.00%
Highnoon Laboratories Limited	1,670	6,500	795	2,870	6,095	2,286	2,049	2.70%	2.39%	0.01%
AGP Limited	-	37,500	-	37,500	-	-	-	0.00%	0.00%	0.00%
Searle Pakistan Limited*	15,936	28,000	91	43,570	457	25	17	0.02%	0.02%	0.00%
	<b>22,106</b>	<b>72,000</b>	<b>886</b>	<b>88,440</b>	<b>6,552</b>	<b>2,311</b>	<b>2,066</b>	<b>2.72%</b>	<b>2.41%</b>	<b>0.01%</b>
<b>POWER GENERATION AND DISTRIBUTION</b>										
Nishat Power Limited	-	38,500	-	38,500	-	-	-	0.00%	0.00%	0.00%
Hub Power Company Limited	61,431	126,000	-	92,431	95,000	6,527	6,610	8.70%	7.73%	0.01%
	<b>61,431</b>	<b>164,500</b>	-	<b>130,931</b>	<b>95,000</b>	<b>6,527</b>	<b>6,610</b>	<b>8.70%</b>	<b>7.73%</b>	<b>0.01%</b>
<b>TEXTILE COMPOSITE</b>										
Interloop Limited	50,168	-	-	50,168	-	-	-	0.00%	0.00%	0.00%
Kohinoor Textile Mills Limited	27,500	-	-	27,500	-	-	-	0.00%	0.00%	0.00%
Nishat Mills Limited	41,400	-	-	41,400	-	-	-	0.00%	0.00%	0.00%
	<b>119,068</b>	-	-	<b>119,068</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>REFINERY</b>										
Attock Refinery Limited	26,000	39,847	-	59,066	6,781	1,133	1,164	1.53%	1.36%	0.01%
National Refinery Limited	7,770	9,334	-	17,104	-	-	-	0.00%	0.00%	0.00%
	<b>33,770</b>	<b>49,181</b>	-	<b>76,170</b>	<b>6,781</b>	<b>1,133</b>	<b>1,164</b>	<b>1.53%</b>	<b>1.36%</b>	<b>0.01%</b>
<b>TECHNOLOGY &amp; COMMUNICATION</b>										
Avanceon Limited	14,425	82,875	4,365	101,665	-	-	-	0.00%	0.00%	0.00%
Systems Limited	-	29,250	-	19,100	10,150	4,585	4,094	5.39%	4.78%	0.00%
Air Link Communication Limited	-	2,500	-	2,500	-	-	-	0.00%	0.00%	0.00%
TPL Trakker Limited	291,500	5,000	-	-	296,500	2,564	2,621	3.45%	3.06%	0.16%
Octopus Digital Limited	-	24,000	-	24,000	-	-	-	0.00%	0.00%	0.00%
	<b>305,925</b>	<b>143,625</b>	<b>4,365</b>	<b>147,265</b>	<b>306,650</b>	<b>7,149</b>	<b>6,715</b>	<b>8.84%</b>	<b>7.84%</b>	<b>0.16%</b>
<b>GLASS AND CERAMICS</b>										
Tariq Glass Limited	-	90,000	-	90,000	-	-	-	0.00%	0.00%	0.00%
	-	<b>90,000</b>	-	<b>90,000</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TRANSPORT</b>										
Millat Tractors Limited	-	1,500	-	1,500	-	-	-	0.00%	0.00%	0.00%
	-	<b>1,500</b>	-	<b>1,500</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total as at June 30, 2023</b>	<b>1,971,385</b>	<b>5,842,971</b>	<b>33,804</b>	<b>6,294,256</b>	<b>1,553,904</b>	<b>77,914</b>	<b>75,967</b>			
Total as at June 30, 2022	2,046,155	2,729,846	508	2,805,124	1,971,385	151,865	127,886			

\*

Finance Act, 2014 had brought amendments to the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Fund jointly with other asset management companies and 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 mutual funds based on the premise of exemption available to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having fair market value of Rs. 0.04 million at June 30, 2023 and not yet deposited on CDC account of department of Income tax. Pension Fund Manager is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in Fund's investments at year end

6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as security against settlement of the Sub-Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	---- (Number of shares) ----		----- (Rupees in '000) -----	
The Hub Power Company Limited	-	47,000	-	3,204
Pakistan Petroleum Limited	57,100	80,000	3,377	5,401
Maple Leaf Cement Factory Limited	-	77,000	-	2,106
Mughal Iron And Steel Industries Limited	-	40,000	-	2,306
Nishat Mills Limited	-	10,000	-	739
Oil & Gas Development Company Limited	34,300	123,000	2,675	9,676
Pakistan State Oil Company Limited	-	20,000	-	3,437
Sui Northern Gas Pipelines Limited	15,000	-	591	-
Engro Fertilizers Limited	31,000	-	2,558	-
Systems Limited	2,000	-	807	-
Meezan Bank Limited	18,000	-	1,555	-
	<b>157,400</b>	<b>397,000</b>	<b>11,563</b>	<b>26,869</b>

6.2 Government of Pakistan - Ijarah sukuk

6.2.1 Held by Debt Sub-Fund

Issue Date	Tenor	Face value				Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a	
		As at July 1, 2022	Purchases during the year	Sales during the year	As at June 30, 2023			Total investments of sub-fund	Net assets of sub- fund
						----- (Rupees in '000) -----		----- (%) -----	
April 17, 2023	1 Year	-	100,000	100,000	-	-	-	0.00%	0.00%
May 22, 2023	1 Year	-	100,000	-	100,000	100,000	100,067	70.23%	37.91%
October 26, 2022	5 Year	-	180,000	180,000	-	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>		-	<b>380,000</b>	<b>280,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,067</b>	<b>70.23%</b>	<b>37.91%</b>
<b>Total as at June 30, 2022</b>		<b>38,000</b>	<b>79,500</b>	<b>117,500</b>	-	-	-	0.00%	0.00%

6.2.2 Held by Money Market Sub-Fund

Issue Date	Tenor	Face value				Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a	
		As at July 1, 2022	Purchases during the year	Sales during the year	As at June 30, 2023			Total investments of sub-fund	Net assets of sub- fund
						----- (Rupees in '000) -----		----- (%) -----	
April 17, 2023	1 Year	-	130,000	130,000	-	-	-	0.00%	0.00%
May 22, 2023	1 Year	-	145,000	-	145,000	145,000	145,097	75.93%	49.73%
October 26, 2022	5 Year	-	76,000	76,000	-	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>		-	<b>351,000</b>	<b>206,000</b>	<b>145,000</b>	<b>145,000</b>	<b>145,097</b>	<b>75.93%</b>	<b>49.73%</b>
<b>Total as at June 30, 2022</b>		<b>12,000</b>	<b>27,500</b>	<b>39,500</b>	-	-	-	0.00%	0.00%

6.3 Corporate sukuk bonds

6.3.1 Held by Debt Sub-Fund

Name of the Investee Company	Face value				Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a	
	As at July 1, 2022	Purchases during the year	Sales / matured during the year	As at June 30, 2023			Total investments of sub-fund	Net assets of sub- funds
				----- (Number of certificates) -----		----- (Rupees in '000) -----		
<b>POWER GENERATION &amp; DISTRIBUTION</b>								
Hub Power Company Limited - 190320	50	-	-	50	2,572	2,513	1.76%	0.95%
Hub Power Company Limited - 270422	40	-	40	-	-	-	0.00%	0.00%
China Power Hub Generation Company - 280722	-	10	10	-	-	-	0.00%	0.00%
K-Electric Limited - 100822	-	8	8	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited - 131022	-	5	5	-	-	-	0.00%	0.00%
China Power Hub Generation Company - 071222	-	6	6	-	-	-	0.00%	0.00%
K-Electric Limited 131222	-	12	12	-	-	-	0.00%	0.00%
K-Electric Limited 090223	-	9	-	9	9,000	9,000	6.32%	3.41%
China Power Hub Generation Company - 280323	-	15	-	15	15,000	15,000	10.53%	5.68%
Lucky Electric Power Company Limited - 130623	-	13	-	13	13,000	13,000	9.12%	4.92%
	<b>90</b>	<b>78</b>	<b>81</b>	<b>87</b>	<b>39,572</b>	<b>39,513</b>	<b>1.76%</b>	<b>0.95%</b>
<b>TECHNOLOGY &amp; COMMUNICATION</b>								
TPL Trakker Limited	1	-	-	1	614	609	0.43%	0.23%
	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>614</b>	<b>609</b>	<b>0.43%</b>	<b>0.23%</b>

Name of the Investee Company

Name of the Investee Company	Face value			As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a	
	As at July 1, 2022	Purchases during the year	Sales / matured during the year				Total investments of sub-fund	Net assets of sub-funds
	(Number of certificates)				(Rupees in '000)			
<b>MISCELLANEOUS</b>								
Agha Steel Industries Limited	1	-	-	1	708	669	0.47%	0.25%
OBS AGP	20	-	-	20	1,633	1,628	1.14%	0.62%
Pak Elektron Limited	8	-	8	-	-	-	0.00%	0.00%
	<b>29</b>	<b>-</b>	<b>8</b>	<b>21</b>	<b>2,341</b>	<b>2,297</b>	<b>1.61%</b>	<b>0.87%</b>
<b>Total as at June 30, 2023</b>	<b>120</b>	<b>78</b>	<b>89</b>	<b>109</b>	<b>42,527</b>	<b>42,419</b>	<b>3.80%</b>	<b>2.05%</b>
Total as at June 30, 2022	2,477	74	2,431	120	20,833	20,842		

6.3.2 Held by Money Market Sub-Fund

Name of the Investee Company

Name of the Investee Company	Face value			As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a	
	As at July 1, 2022	Purchases during the year	Sales / matured during the year				Total investments of sub-fund	Net assets of sub-funds
	(Number of certificates)				(Rupees in '000)			
<b>POWER GENERATION &amp; DISTRIBUTION</b>								
K-Electric Limited - 130422	10	-	10	-	-	-	0.00%	0.00%
China Power Hub Generation Company - 280722	-	10	10	-	-	-	0.00%	0.00%
K-Electric Limited - 100822	-	5	5	-	-	-	0.00%	0.00%
China Power Hub Generation Company - 071222	-	8	8	-	-	-	0.00%	0.00%
K-Electric Limited - 090223	-	15	-	15	15,000	15,000	7.85%	5.14%
China Power Hub Generation Company - 280323	-	10	-	10	10,000	10,000	5.23%	3.43%
K-Electric Limited - 180523	-	9	-	9	9,000	9,000	4.71%	3.08%
Lucky Electric Power Company Limited - 130623	-	12	-	12	12,000	12,000	6.28%	4.11%
<b>Total as at June 30, 2023</b>	<b>10</b>	<b>69</b>	<b>33</b>	<b>46</b>	<b>46,000</b>	<b>46,000</b>	<b>24.07%</b>	<b>15.76%</b>
Total as at June 30, 2022	-	19	9	10	10,000	10,000	100%	100%

6.3.3 Significant terms and conditions of corporate sukuk bonds outstanding as at June 30, 2023 are as follows:

Name of security	Remaining principal Face value Rupees per Sukuk	Mark-up rate (per annum)	Issue date	Maturity date
Agha Steel Industries Limited	687,500	3 months KIBOR + 0.8%	9-Oct-18	9-Oct-25
Hub Power Company Limited - 190320	50,000	6 months KIBOR + 1.9%	19-Mar-20	19-Mar-24
China Power Hub Generation Company Limited	1,000,000	6 months KIBOR + 0.75%	28-Mar-23	28-Sep-23
Lucky Electric Power Company Limited	1,000,000	6 months KIBOR + 0.5%	13-Jun-23	28-Dec-23
TPL Trakker Limited	609,080	3 months KIBOR + 3%	30-Mar-21	30-Mar-26
OBS AGP (Private) Limited	81,250	3 months KIBOR + 1.55%	15-Jul-21	15-Jul-26
K-Electric Limited	1,000,000	6 months KIBOR + 1%	9-Feb-23	9-Aug-23

6.4 Commercial papers

6.4.1 Held by Debt Sub-Fund

Name of Company	Maturity date	Face value			Carrying amount as at June 30, 2023	Market value as at June 30, 2023	Total investments of sub-fund	Net Assets of sub-fund
		As at July 1, 2022	Placements made during the year	Matured during the year				
				(Rupees in '000)		(%)		
<b>Total as at June 30, 2023</b>		-	-	-	-	-	0%	0%
Total as at June 30, 2022		-	10,000	10,000	-	-	0%	0%

6.4.2 Held by Money Market Sub-Fund

Name of Company	Maturity date	Face value			Carrying amount as at June 30, 2023	Market value as at June 30, 2023	Total investments of sub-fund	Net Assets of sub-fund
		As at July 1, 2022	Placements made during the year	Matured during the year				
				(Rupees in '000)		(%)		
<b>Total as at June 30, 2023</b>		-	-	-	-	-	0%	0%
Total as at June 30, 2022		3,000	8,000	11,000	-	-	0%	0%

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

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Market value of investments	75,967	142,486	191,097	409,550	127,886	20,842	10,000	158,728
Less: carrying value of investments before mark to market	(77,914)	(142,527)	(191,000)	(411,441)	(151,865)	(20,833)	(10,000)	(182,698)
	(1,947)	(41)	97	(1,891)	(23,979)	9	-	(23,970)
<b>6.6.1</b>								
Listed equity securities	(1,947)	-	-	(1,947)	(23,979)	-	-	(23,979)
Government and Debt securities	-	(41)	97	56	-	9	-	9
	(1,947)	(41)	97	(1,891)	(23,979)	9	-	(23,970)

7. DIVIDEND AND PROFIT RECEIVABLE

Note	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Dividend receivable	2	-	-	2	-	-	-	-
Profit receivable on bank deposits	147	4,039	4,478	8,664	187	1,454	1,519	3,160
Profit accrued on sukuk bonds	-	2,034	2,225	4,259	-	563	296	859
Profit on government securities	-	2,356	3,483	5,839	-	-	-	-
	149	8,429	10,186	18,764	187	2,017	1,815	4,019

8. DEPOSITS AND OTHER RECEIVABLES

Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
Security deposit with National Clearing Company of Pakistan Limited	2,500	-	-	2,500	2,500	-	-	2,500
Receivable against sale of investment	2,557	-	-	2,557	80	-	-	80
Advance Tax	109	236	343	688	100	42	14	156
Receivable from Pension Fund Manager	26	14	11	51	-	-	-	-
	5,292	350	454	6,096	2,780	142	114	3,036

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

Remuneration to Pension Fund Manager	9.1	97	273	311	681	326	64	40	430
Sindh Sales Tax on remuneration to Pension Fund Manager	9.2	13	35	40	88	42	8	5	55
		110	308	351	769	368	72	45	485

9.1 As per Rule 67F of the NBFC Regulations, 2008, the Pension Fund Manager may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. During the year, the fee is being charged at the rate of 1.5% of the average annual net assets accordingly. The fee is payable monthly in arrears.

9.2 The Sindh Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2022: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

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

Note	2023				2022				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees in '000)								
Trustee remuneration	10.1	12	31	34	77	21	15	13	49
Sindh Sales Tax on Trustee remuneration	10.2	2	4	4	10	3	2	2	7
		14	35	38	87	24	17	15	56

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2023 is as follows:

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

- 10.2 Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) is applicable on Trustee fee as per Sindh Sales Tax on Services Act, 2011.

## 11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities And Exchange Commission of Pakistan in accordance with the Rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one twenty-fifth of 1% (June 30, 2022: one twenty-fifth of 1%) of average annual net asset value of each of the sub-fund.

## 12. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Auditors' remuneration	70	134	123	327	128	69	56	253
Federal Excise Duty payable on Remuneration of Pension Fund Manager	880	488	383	1,751	880	488	383	1,751
Payable against redemption of units	91	2,024	2,708	4,823	-	-	-	-
Other payable	401	156	81	638	372	158	83	613
	<b>1,442</b>	<b>2,802</b>	<b>3,295</b>	<b>7,539</b>	<b>1,380</b>	<b>715</b>	<b>522</b>	<b>2,617</b>

### 12.1 FEDERAL EXCISE DUTY

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

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

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ended June 30, 2023.

However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, has made a provision on FED on remuneration of the Pension Fund Manager, aggregating to Rs. 0.880 million, Rs. 0.488 million and Rs. 0.383 million (June 30, 2022: Rs. 0.880 million, Rs. 0.488 million and Rs. 0.383 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2022 would have been higher by Rs. 3.3475, Rs. 0.4058 and Rs. 0.2800 (June 30, 2022: Rs. 2.3343 Rs. 0.8246 and Rs. 0.7032) per unit respectively.

12.2 In accordance with the instruction of Shariah Advisor, any income earned by the Fund from investments whereby the portion of the investment of the investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. The other payable included Rs. 0.334 million (June 30, 2022: Rs. 0.334 million) amount of charity.

### 13. CONTRIBUTION TABLE

Contributions received during the year are as follows:

	2023							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
<b>From:</b>								
<b>Individuals</b>	111,482	36,903	878,675	180,751	1,014,431	205,595	2,004,588	423,249

  

	2022							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
<b>From:</b>								
<b>Individuals</b>	343,358	142,354	777,335	140,240	794,149	139,161	1,914,842	421,755

### 14. NUMBER OF UNITS IN ISSUE

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Number of units							
Opening units in issue	376,992	591,819	544,634	1,513,445	421,065	504,466	384,622	1,310,153
Units issued during the year	111,482	878,675	1,014,431	2,004,588	343,358	777,335	794,149	1,914,842
Units redeemed during the year	(168,690)	(289,351)	(276,889)	(734,930)	(397,878)	(670,538)	(629,463)	(1,697,879)
Reallocation during the year	(56,901)	21,450	85,542	50,091	10,447	(19,444)	(4,674)	(13,671)
<b>Total units in issue at the end of the year</b>	<b>262,883</b>	<b>1,202,593</b>	<b>1,367,718</b>	<b>2,833,194</b>	<b>376,992</b>	<b>591,819</b>	<b>544,634</b>	<b>1,513,445</b>

### 15. PROFIT / RETURN ON INVESTMENTS

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Profit / return on:								
Government of Pakistan -Ijarah sukuks	-	6,517	6,369	12,886	-	1,397	438	1,835
Corporate sukuk bonds	-	7,929	4,878	12,807	-	2,125	730	2,855
Commercial papers	-	-	-	-	-	406	338	744
	-	14,446	11,247	25,693	-	3,928	1,506	5,434

### 16. AUDITOR'S REMUNERATION

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Statutory audit fee	21	130	120	271	101	56	42	199
Half yearly review fee	15	50	40	105	40	26	24	90
Shariah compliance certification	25	-	-	25	37	-	-	37
Out of pocket expenses	6	18	16	40	18	8	6	32
Sindh sales tax	5	16	14	35	16	7	6	29
	72	214	190	476	212	97	78	387

**17 TAXATION**

"No provision for taxation for the year ended June 30, 2023 has been made in view of the exemption available under Clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

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

**18. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

**19. TRANSACTIONS BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

Remuneration payable to Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

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

**19.1 Transactions during the year**

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
<b>HBL Asset Management Limited - Pension Fund Manager</b>								
Management remuneration including Sindh Sales tax thereon	1,549	1,728	1,356	4,633	3,862	1,264	903	6,029
<b>Habib Bank Limited - Sponsor</b>								
Redemption of units	Units 103,535	-	-	103,535	24,799	-	-	24,799
Amount of units redeemed	36,471	-	-	36,471	9,000	-	-	9,000
Bank charges paid	29	36	36	101	28	36	33	97
Profit on bank deposits earned	80	102	95	277	52	4,482	4,544	9,078
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>								
<b>Directors and their relatives</b>								
Issue of units	Units 5,049	-	-	5,049	244	-	-	244
Amount of units issued	1,000	-	-	1,000	100	-	-	100
Reallocation of units	Units (244)	-	402	158	1,195	(1,887)	(880)	(1,572)
Amount of units reallocated	(80)	-	80	-	496	(341)	(155)	-
<b>Executives and their relatives</b>								
Issuance of units	Units 19,893	2,866	506	23,265	10,160	-	-	10,160
Amount of units issued	6,495	663	157	7,315	3,700	-	-	3,700
Reallocation of units	Units -	-	-	-	2	(3)	(1)	(2)
Amount of units reallocated	-	-	-	-	0.84	(0.58)	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Trustee's remuneration including Sindh Sales tax thereon	145	285	260	690	298	160	127	585
Central Depository System Charges	21	7	7	35	24	7	7	38

19.2

Balances outstanding as at year end

HBL Asset Management Limited -  
Pension Fund Manager  
Management fee payable  
Sindh Sales tax Payable

2023				2022			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)				(Rupees in '000)			
97	273	311	681	326	64	40	430
13	35	40	88	42	8	5	55

Habib Bank Limited - Sponsor

Units held  
Amount of units held  
Bank balances

Units	-	-	-	-	103,535	-	-	103,535
	-	-	-	-	36,554	-	-	36,554
	4,600	28,524	24,333	57,457	97	503	478	1,078

Directors and Executives of the Pension Fund  
Manager and their relatives

Directors and their relatives

Units held  
Amount of units held

Units	22,589	40,287	21,087	83,963	17,784	40,287	20,685	78,756
	7,352	8,844	4,498	20,694	6,276	7,548	3,773	17,597

Executives and their relatives

Units held  
Amount of units held

Units	32,718	2,903	524	36,145	12,825	37	18	12,880
	10,649	637	112	11,398	4,528	7	3	4,538

Central Depository Company of Pakistan  
Limited - Trustee

Trustee' remuneration payable  
Security deposit receivable  
Sindh sale tax

	12	31	34	77	21	15	13	49
	100	100	100	300	100	100	100	300
	2	4	4	10	3	2	2	7

Directors of connected persons

Units held  
Amount of units held

Units	23,961	55,036	-	78,997	23,961	55,036	-	78,997
	7,799	12,081	-	19,880	8,456	10,312	-	18,768

20.

**FINANCIAL INSTRUMENTS BY CATEGORY**

2023

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	
(Rupees in '000)										

Financial assets

Bank balances	5,752	-	5,752	115,934	-	115,934	93,778	-	93,778	215,464
Investments	-	75,967	75,967	-	142,486	142,486	-	191,097	191,097	409,550
Dividend and profit receivable	149	-	149	8,429	-	8,429	10,186	-	10,186	18,764
Deposits and other receivable	5,183	-	5,183	114	-	114	111	-	111	5,408
	11,084	75,967	87,051	124,477	142,486	266,963	104,075	191,097	295,172	649,186

2023

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	
(Rupees in '000)										

Financial liabilities

Payable to HBL Asset Management Limited - Pension Fund Manager	97	-	97	273	-	273	311	-	311	681
Payable to Central Depository Company of Pakistan Limited - Trustee	12	-	12	31	-	31	34	-	34	77
Accrued expenses and other liabilities	562	-	562	2,314	-	2,314	2,912	-	2,912	5,788
	671	-	671	2,618	-	2,618	3,257	-	3,257	6,546

	2022									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	
	(Rupees in '000)									
Financial assets										
Bank balances	4,065	-	4,065	88,713	-	88,713	88,027	-	88,027	180,805
Investments	-	127,886	127,886	-	20,842	20,842	-	10,000	10,000	158,728
Dividend and accrued mark-up	187	-	187	2,017	-	2,017	1,815	-	1,815	4,019
Advances and deposits	2,680	-	2,680	100	-	100	100	-	100	2,880
	<u>6,932</u>	<u>127,886</u>	<u>134,818</u>	<u>90,830</u>	<u>20,842</u>	<u>111,672</u>	<u>89,942</u>	<u>10,000</u>	<u>99,942</u>	<u>346,432</u>

	2022									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Total	
	(Rupees in '000)									
Financial liabilities										
Payable to HBL Asset Management Limited - Pension Fund Manager	326	-	326	64	-	64	40	-	40	430
Payable to Central Depository Company of Pakistan Limited - Trustee	21	-	21	15	-	15	13	-	13	49
Accrued expenses and other liabilities	500	-	500	227	-	227	139	-	139	866
	<u>847</u>	<u>-</u>	<u>847</u>	<u>306</u>	<u>-</u>	<u>306</u>	<u>192</u>	<u>-</u>	<u>192</u>	<u>1,345</u>

## 21. FINANCIAL RISK MANAGEMENT

### Introduction and overview

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

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

### Risk management framework

The Board of Directors (the Board) of the Pension Fund Manager has overall responsibility for the establishment and oversight of the Fund's risk management framework.

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

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

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

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

## 21.1 Credit risk

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, corporate sukuk bonds, dividend and profit receivable and deposit & other receivables.

The carrying amount of financial assets, other than listed equity securities, represents the maximum credit exposure.

### Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of VPS Rules, 2005. Before making investment decisions, the credit rating and credit worthiness of the issuer / counterparty is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Pension Fund Manager of the Fund in the following manner:

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

### Exposure to credit risk

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

	2023					
	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure
(Rupees '000)						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
Bank balances	5,752	5,752	115,934	115,934	93,778	93,778
Investments	75,967	-	42,419	42,419	46,000	46,000
Dividend and profit receivable	149	149	8,429	8,429	10,186	10,186
Deposits and other receivables	5,183	5,183	114	114	111	111
	<b>87,051</b>	<b>11,084</b>	<b>166,896</b>	<b>166,896</b>	<b>150,075</b>	<b>150,075</b>

	2022					
	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure	Balance as per the statement of asset and liabilities	Maximum exposure
	(Rupees '000)					
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
Bank balances	4,065	4,065	88,713	88,713	88,027	88,027
Investments	127,886	-	20,842	20,842	10,000	10,000
Accrued return on bank balances	187	187	2,017	2,017	1,815	1,815
Deposits and other receivable	2,680	2,680	100	100	100	100
	<b>134,818</b>	<b>6,932</b>	<b>111,672</b>	<b>111,672</b>	<b>99,942</b>	<b>99,942</b>

### Bank balances including accrued return on bank balances

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

Rating	2023					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	(Rupees in '000)			(%)		
A1+	4,827	119,690	98,256	81.83%	99.76%	100.00%
A1	1,072	283	-	18.17%	0.24%	0.00%
Total balance including profit due	<b>5,899</b>	<b>119,973</b>	<b>98,256</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

  

Rating	2022					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	(Rupees in '000)			(%)		
A1+	359	90,060	89,546	8.44%	99.88%	100.00%
A1	3,893	107	-	91.56%	0.12%	0.00%
Total balance including profit due	<b>4,252</b>	<b>90,167</b>	<b>89,546</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

### Concentration of credit risk

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

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

	2023					
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Commercial banks (including profit due)	5,899	98.33%	119,973	44.94%	98,256	33.29%
Government of Pakistan - Ijara Sukuks	-	-	102,423	38.37%	148,580	50.34%
Corporate sukuk bonds	-	-	44,453	16.65%	48,225	16.34%
Central Depository Company of Pakistan Limited - security deposit	100	1.67%	100	0.04%	100	0.03%
	<b>5,999</b>	<b>100%</b>	<b>266,949</b>	<b>100%</b>	<b>295,161</b>	<b>100%</b>

	2022					
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
Commercial banks (including profit due)	4,253	97.70%	90,167	80.74%	89,546	89.60%
Government of Pakistan - Ijara Sukuks	-	-	-	0.00%	-	0.00%
Corporate sukuk bonds	-	-	21,405	19.17%	10,296	10.30%
Commercial papers	-	-	-	-	-	0.00%
Central Depository Company of Pakistan Limited - security deposit	100	2.30%	100	0.09%	100	0.10%
	<b>4,353</b>	<b>100%</b>	<b>111,672</b>	<b>100%</b>	<b>99,942</b>	<b>100%</b>

### Settlement risk

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

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

### 21.2 Liquidity risk

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

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

#### Management of liquidity risk

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

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

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

	2023									
	Non contractual cash flows									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	Carrying amount	Less than 1 month	Within 3 months	Carrying amount	Less than 1 month	Within 3 months	Carrying amount	Less than 1 month	Within 3 months	
Financial Liabilities	(Rupees in '000)									
Payable to HBL Asset Management Limited - Pension Fund	97	97	-	273	273	-	311	311	-	681
Accrued expenses and other liabilities	12	12	-	31	31	-	34	34	-	77
	562	562	-	2,314	2,314	-	2,912	2,912	-	5,788
	671	671	-	2,618	2,618	-	3,257	3,257	-	6,546
Net assets attributable to redeemable units	85,560	85,560	-	263,987	263,987	-	291,770	291,770	-	6,546
	2022									
	Non contractual cash flows									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	Carrying amount	Less than 1 month	Within 3 months	Carrying amount	Less than 1 month	Within 3 months	Carrying amount	Less than 1 month	Within 3 months	
Financial Liabilities	(Rupees in '000)									
Payable to HBL Asset Management Limited - Pension Fund	326	326	-	64	64	-	40	40	-	430
Accrued expenses and other liabilities	21	21	-	15	15	-	13	13	-	49
	500	500	-	227	227	-	139	139	-	866
	847	847	-	306	306	-	192	192	-	1,345
Net assets attributable to redeemable units	133,102	133,102	-	110,886	110,886	-	99,355	99,355	-	1,345

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

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

### 21.3 Currency risk

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

### 21.4 Interest rate risk

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

#### a) Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in savings accounts and Gop Ijarah Sukuk. The net income for the year would have increased / (decreased) by Rs. 0.06, 1.58 & 1.40 million (June 30, 2022: Rs. 0.04, 1.09 & 0.98 million) Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

#### b) Fair value interest rate risk

As at June 30, 2023, the Debt Sub-Fund and Money Market Sub-Fund holds Investment in Gop Ijarah Sukuk that expose the Fund to fair value interest rate risk. In case of 100 basis points increase / (decrease) in rates announced by Financial Market association of Pakistan on June 30, 2023, with all other variables held constant, the net assets of the Debt Sub-Fund and Money Market Sub-Fund would have been higher / (lower) by Rs. 1.00 and 1.45 million respectively (June 30, 2022 : Nil).

# HBL ISLAMIC PENSION FUND

## Notes to the Financial Statements

For the year ended June 30, 2023

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

2023																		
Equity Sub-Fund					Debt Sub-Fund					Money Market Sub-Fund								
Effective Yield / Interest rate	Exposed to yield / interest rate risk Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Effective Yield / Interest rate	Exposed to yield / interest rate risk Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Effective Yield / Interest rate	Exposed to yield / interest rate risk Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	
(%)	(Rupees in '000)				(%)	(Rupees in '000)				(%)	(Rupees in '000)				Total			
<b>On-balance sheet financial instruments</b>																		
<b>Financial assets</b>																		
Bank balances	5.5% - 19.5%	5,752	-	-	-	5,752	115,934	-	-	-	115,934	5.5% - 19.5%	93,778	-	-	-	93,778	215,464
Listed equity securities		-	-	-	75,967	75,967	-	-	-	-	-	15.7% - 22.7%	-	-	-	-	-	75,967
Government of Pakistan - Ijara sukuk		-	-	-	-	-	100,067	-	-	-	100,067	15.7% - 22.7%	-	-	-	-	-	245,164
Corporate sukuk bonds		-	-	-	-	-	42,419	-	-	-	42,419	17.1% - 24%	-	-	-	-	-	88,419
Dividend and profit receivable		-	-	-	149	149	-	-	-	8,429	8,429		-	-	-	-	-	18,764
Deposits and other receivable		-	-	-	5,292	5,292	-	-	-	350	350		-	-	-	-	-	6,096
		5,752	-	-	81,408	87,160	115,934	142,486	-	8,779	267,199		93,778	191,097	-	10,640	295,515	649,874
<b>Financial liabilities</b>																		
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	-	97	97	-	-	-	279	279		-	-	-	-	311	681
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	12	12	-	-	-	31	31		-	-	-	-	34	77
Accrued expenses and other liabilities		-	-	-	562	562	-	-	-	2,314	2,314		-	-	-	-	2,912	5,788
		-	-	-	671	671	-	-	-	2,618	2,618		-	-	-	-	3,257	6,546
<b>On-balance sheet gap (a)</b>		5,752	-	-	80,737	86,489	115,934	142,486	-	6,161	264,581		93,778	191,097	0	7,383	292,258	643,328
<b>Off-balance sheet financial instruments</b>																		
		-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		5,752	-	-	-	-	115,934	142,486	-	-	-		93,778	191,097	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		5,752	-	-	-	-	115,934	298,420	-	-	-		93,778	191,097	-	-	-	-

  

2022																		
Equity Sub-Fund					Debt Sub-Fund					Money Market Sub-Fund								
Yield / Interest rate	Exposed to yield / interest rate risk Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	Exposed to yield / interest rate risk Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	Yield / Interest rate	Exposed to yield / interest rate risk Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	
(%)	(Rupees in '000)				(%)	(Rupees in '000)				(%)	(Rupees in '000)				Total			
<b>On-balance sheet financial instruments</b>																		
<b>Financial assets</b>																		
Bank balances	5% - 16.25%	4,065	-	-	-	4,065	88,713	-	-	-	88,713	5% - 16.25%	88,027	-	-	-	88,027	180,805
Listed equity securities		-	-	-	127,886	127,886	-	-	-	-	-	13.98%	-	-	-	-	-	127,886
Corporate sukuk bonds		-	-	-	187	187	20,842	-	-	-	20,842		-	-	-	-	-	20,842
Dividend and profit receivable		-	-	-	187	187	-	-	-	2,017	2,017		-	-	-	-	-	4,019
Deposits and other receivable		-	-	-	2,780	2,780	-	-	-	142	142		-	-	-	-	-	3,036
		4,065	-	-	130,853	134,918	88,713	20,842	-	2,159	111,714		88,027	-	-	1,929	89,956	336,588
<b>Financial liabilities</b>																		
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	-	326	326	-	-	-	64	64		-	-	-	-	40	430
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	21	21	-	-	-	15	15		-	-	-	-	13	49
Accrued expenses and other liabilities		-	-	-	500	500	-	-	-	227	227		-	-	-	-	139	866
		-	-	-	847	847	-	-	-	306	306		-	-	-	-	192	1,345
<b>On-balance sheet gap (a)</b>		4,065	-	-	130,006	134,071	88,713	20,842	-	1,853	111,408		88,027	-	-	1,737	89,764	335,243
<b>Off-balance sheet financial instruments</b>																		
		-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		4,065	-	-	-	-	88,713	20,842	-	-	-		88,027	-	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		4,065	-	-	-	-	88,713	20,842	-	-	-		88,027	-	-	-	-	-

## 22. Price Risk

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

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

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

The net assets of the Fund will increase / decrease by approximately Rs. 0.76 million (June 30, 2022: Rs. 1.28 million) if the prices of equity vary due to increase / decrease in the PSX 100 index. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the PSX 100 index and that the PSX 100 index increases / decreases by 1% on PSX 100 index with all other factors held constant.

The Pension Fund Manager uses the PSX 100 index as a reference point in making investment decisions. However, the pension fund manager does not manage the Fund's investment strategy to track the PSX 100 index or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at 30 June 2023 and the historical correlation of the securities comprising the portfolio of the PSX 100 index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2023 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of the PSX 100 Index.

#### 23. PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)

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

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

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

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

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the Fund and rank pari passu as their rights in the net assets and earning of the sub-fund are not tradeable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in respective such sub-fund, in his/her individual pension account (IPA).

#### 24. FAIR VALUE OF FINANCIAL INSTRUMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

According to IFRS 7, Financial Instruments: Disclosure - an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

Held by Equity sub-fund							
2023							
Note	Carrying amount			Fair value			Total
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	
(Rupees in'000)							
<b>Financial assets measured at fair value</b>							
	Investment						
	Listed equity securities	75,967	-	75,967	75,967	-	75,967
		75,967	-	75,967	75,967	-	75,967
<b>Financial assets not measured at fair value</b>							
24.1	Bank balances	-	5,752	5,752	-	-	-
	Dividend and profit receivable	-	149	149	-	-	-
	Deposits and other receivable	-	5,183	5,183	-	-	-
		-	11,084	11,084	-	-	-
<b>Financial liabilities not measured at fair value</b>							
24.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	97	97	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	12	12	-	-	-
	Accrued expenses and other liabilities	-	562	562	-	-	-
		-	671	671	-	-	-
Held by Equity sub-fund							
2022							
Note	Carrying Amount			Fair Value			Total
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	
(Rupees in'000)							
<b>Financial assets measured at fair value</b>							
	Investment Listed equity securities						
	Listed equity securities	127,886	-	127,886	127,886	-	127,886
		127,886	-	127,886	127,886	-	127,886
<b>Financial assets not measured at fair value</b>							
24.1	Bank balances	-	4,065	4,065	-	-	-
	Dividend receivable and accrued mark-up	-	187	187	-	-	-
	Deposits and other receivable	-	2,600	2,600	-	-	-
		-	6,852	6,852	-	-	-
<b>Financial liabilities not measured at fair value</b>							
24.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	326	326	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	21	21	-	-	-
	Accrued expenses and other liabilities	-	500	500	-	-	-
		-	847	847	-	-	-
Held by Debt sub-fund							
2023							
Note	Carrying Amount			Fair Value			Total
	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	
(Rupees in'000)							
<b>Financial assets measured at fair value</b>							
	Government of Pakistan - Ijara sukuks	100,067	-	100,067	100,067	-	100,067
24.4	Corporate sukuk bonds	42,419	-	42,419	-	41,141	42,419
		142,486	-	142,486	100,067	41,141	142,486
<b>Financial assets not measured at fair value</b>							
24.1	Bank balances	-	115,934	115,934	-	-	-
	Profit receivable and accrued mark-up	-	8,429	8,429	-	-	-
	Deposits and other receivable	-	114	114	-	-	-
		-	124,477	124,477	-	-	-
24.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	273	273	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	31	31	-	-	-
	Accrued expenses and other liabilities	-	2,314	2,314	-	-	-
		-	2,618	2,618	-	-	-

		Held by Debt sub-fund						
		2022						
Note	At fair value through profit or loss	Carrying Amount		Total	Fair Value			Total
		At amortised cost			Level 1	Level 2	Level 3	
----- (Rupees in'000) -----								
Financial assets measured at fair value								
	Corporate sukuk bonds	20,842	-	20,842	-	11,991	8,851	20,842
		20,842	-	20,842	-	11,991	8,851	20,842
Financial assets not measured at fair value								
24.1	Bank balances	-	88,713	88,713	-	-	-	-
	Profit receivable and accrued mark-up	-	2,017	2,017	-	-	-	-
	Deposits and other receivable	-	100	100	-	-	-	-
		-	90,830	90,830	-	-	-	-
Financial liabilities not measured at fair value								
24.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	64	64	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	15	15	-	-	-	-
	Accrued expenses and other liabilities	-	227	227	-	-	-	-
		-	306	306	-	-	-	-

		Held by Money Market sub-fund						
		2023						
Note	At fair value through profit or loss	Carrying Amount		Total	Fair Value			Total
		At amortised cost			Level 1	Level 2	Level 3	
----- (Rupees in'000) -----								
Financial assets measured at fair value								
	Government of Pakistan - Ijara sukuk	145,097	-	145,097	145,097	-	-	145,097
	Corporate sukuk bonds	46,000	-	46,000	-	46,000	-	46,000
		191,097	-	191,097	145,097	46,000	-	191,097
Financial assets not measured at fair value								
24.1	Bank balances	-	93,778	93,778	-	-	-	-
	Profit receivable and accrued mark-up	-	10,186	10,186	-	-	-	-
	Deposits and other receivable	-	111	111	-	-	-	-
		-	104,075	104,075	-	-	-	-
24.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	311	311	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	34	34	-	-	-	-
	Accrued expenses and other liabilities	-	2,912	2,912	-	-	-	-
		-	3,257	3,257	-	-	-	-

		Held by Money Market sub-fund						
		2022						
Note	At fair value through profit or loss	Carrying Amount		Total	Fair Value			Total
		At amortised cost			Level 1	Level 2	Level 3	
----- (Rupees in'000) -----								
Financial assets measured at fair value								
24.2	Corporate sukuk bonds	10,000	-	10,000	-	10,000	-	10,000
		10,000	-	10,000	-	10,000	-	10,000
Financial assets not measured at fair value								
24.1	Bank balances	-	88,027	88,027	-	-	-	-
	Profit receivable and accrued mark-up	-	1,815	1,815	-	-	-	-
	Deposits and other receivable	-	100	100	-	-	-	-
		-	89,942	89,942	-	-	-	-
Financial liabilities not measured at fair value								
24.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	40	40	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	13	13	-	-	-	-
	Accrued expenses and other liabilities	-	139	139	-	-	-	-
		-	192	192	-	-	-	-

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

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

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

24.4 For level 2 investments at fair value through profit or loss - investment in respect of corporate sukuk bonds, Fund uses rates which are prescribed by MUFAP at reporting date in accordance with the methodology prescribed by SECP vide its circular no. 1 of 2009 dated January 6, 2009 and circular no. 33 of 2012 dated October 24, 2012 at reporting date.

**25. FINANCIAL PERFORMANCE**

**25.1 Equity sub-fund**

	Equity Sub-Fund					
	2023 (Rupees in '000)	2022	Change (%)	2021	2020	2019
Net (loss) / income for the year before taxation	(6,094)	(46,269)	-86.83%	43,928	12,326	(30,725)
Net (loss) / loss on sale of investments	(6,442)	(26,585)	-75.77%	19,927	6,569	(14,024)
Net unrealised gain of investments classified as financial assets at fair value through profit or loss' re-measurement	(1,947)	(23,979)	-91.88%	23,000	3,044	(21,010)
Dividend income / mark-up on bank deposits	6,102	7,098	-14.03%	6,333	6,360	8,851
Transactions in securities						
Purchases	323,727	168,185	92.48%	202,779	159,439	159,439
Sales	366,713	177,853	106.19%	178,395	166,208	166,208
Total contribution received	36,903	142,354	-74.08%	169,075	30,078	81,294
Net assets value per unit	325.4694	353.0630	-7.82%	465.5652	343.4056	323.8249

**25.2 Debt sub-fund**

	Debt Sub-Fund					
	2023 (Rupees in '000)	2022	Change (%)	2021	2020	2019
Net income for the year before taxation	27,469	8,170	236.22%	4,265	4,940	6,461
Net gain / (loss) on sale of investments	1,523	160	851.88%	3	(1,136)	(105)
Net unrealised gain of investments classified as financial assets at fair value through profit or loss' re-measurement	(41)	9	-555.56%	409	53	(57)
Return on Investments / mark-up on bank deposits	28,336	9,252	206.27%	5,629	7,584	8,499
Transactions in securities						
Purchases	734,400	109,098	573.16%	1,000	36,990	36,990
Sales	556,400	116,572	377.30%	1,800	41,516	41,516
Total contribution received	180,751	140,240	28.89%	129,931	38,501	51,200
Net assets value per unit	219.5149	187.3649	17.16%	172.1510	163.5160	152.2556

**25.3 Money market sub-fund**

	Money Market Sub-Fund					
	2023 (Rupees in '000)	2022	Change (%)	2021	2020	2019
Net income for the year before taxation	25,278	6,592	283.46%	2,874	3,923	5,334
Net gain / (loss) on sale of investments	831	91	813.19%	(84)	-	(2)
Net unrealised gain of investments classified as financial assets at fair value through profit or loss' re-measurement	97	-	100.00%	74	-	-
Return on Investments / mark-up on bank deposits	26,273	7,419	254.13%	4,332	5,068	6,852
Transactions in securities						
Purchases	419,250	54,187	673.71%	5,886	10,956	10,956
Sales	205,250	39,243	423.02%	-	10,971	10,971
Total contribution received	205,595	139,161	47.74%	125,684	17,336	46,520
Net assets value per unit	213.3260	182.4250	16.94%	167.7456	160.7700	148.7409

**25.4 Highest and lowest issue price of units during the year**

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	2023	2022	2023	2022	2023	2022
	(Per Unit Price)					
Highest issue price	370.1970	480.6385	219.5149	187.3649	213.3260	182.4250
Lowest issue price	304.4341	350.1421	187.6611	172.1886	182.7224	167.7812

**26 TOTAL EXPENSE RATIO**

In accordance with the S.R.O 1068 (I) / 2021 dated August 23, 2021 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the equity sub fund, debt sub fund and money market sub fund for the year ended June 30, 2023 is 4.07%,1.40% and 1.26% (June 30, 2022: 3.36%,1.73% and 1.60%) respectively which includes 0.43%,0.18% and 0.16% (June 30, 2022: 0.28%,0.19% and 0.18%) respectively representing Government levy and SECP fee.

**27 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on August 25, 2023.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**



# HBL

## Pension Fund

<b>NAME OF FUND</b>	<b>HBL Pension Fund</b>
<b>NAME OF AUDITOR</b>	<b>Yousuf Adil Chartered Accountants</b>
<b>NAME OF TRUSTEE</b>	<b>Central Depository Company of Pakistan</b>
<b>NAME OF BANKERS</b>	<b>Habib Bank Limited Faysal Bank Limited Allied Bank JS Bank Limited Sindh Bank Limited Soneri Bank Limited Zarai Taraqati Bank Limited U Microfinance Bank Limited Bank Alfalah Limited Khushhali Bank Limited Bank Al Habib Limited National Bank Of Pakistan HBL Microfinance Bank Limited Dubsi Islamic Bank Limited</b>

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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

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

Fax: (92-21) 34326021 - 23

URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)

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



**TRUSTEE REPORT TO THE PARTICIPANTS**

**HBL PENSION FUND**

**Report of the Trustee pursuant to Regulation 67D in conjunction with 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 Pension Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Pension Fund Manager has in all material respects managed the Fund during the year ended June 30, 2023 in accordance with the provisions of the constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Further, in our opinion, the management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework.

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

Karachi, September 28, 2023

## INDEPENDENT AUDITOR'S REPORT

### To the participants of HBL Pension Fund

#### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of **HBL Pension Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement and statement of comprehensive income, the statement of cash flows, the statement of movement in participants' sub funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Information other than the financial statements and auditor's report thereon

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

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

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

#### Responsibilities of Pension Fund Manager and Those Charged with Governance for the financial statements

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



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

Those Charged with Governance of the Pension Fund Manager are responsible for overseeing the Fund's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Pension Fund Manager.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on other legal and regulatory requirements**

Based on our audit, we further report that in our opinion:

- a) the financial statements prepared for the year ended June 30, 2023 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;



# ◆ YOUSUF ADIL

Yousuf Adil  
Chartered Accountants

- b) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- c) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- d) proper books and records have been kept by the Fund and the financial statements prepared are in agreement with the Fund's books and records;
- e) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for all purpose of the audit; and
- f) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

  
Chartered Accountants

Place: Karachi

Date: September 25, 2023

UDIN: AR202210057xkbMfcDL2

Independent Member Firm to  
Deloitte Touche Tohmatsu Limited

# HBL PENSION FUND

## Statement of Assets and Liabilities

As at June 30, 2023

	Note	2023				2022			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)									
<b>ASSETS</b>									
Bank balances	5	2,864	130,298	37,880	171,042	3,321	229,087	358,775	591,183
Investments	6	52,645	243,711	658,530	954,886	127,901	60,896	37,522	226,319
Dividend and profit / markup receivable	7	55	7,110	11,367	18,532	144	5,809	7,818	13,771
Advance Deposits and other receivable	8	2,812	796	229	3,837	3,421	414	171	4,006
<b>TOTAL ASSETS</b>		<b>58,376</b>	<b>381,915</b>	<b>708,006</b>	<b>1,148,297</b>	<b>134,787</b>	<b>296,206</b>	<b>404,286</b>	<b>835,279</b>
<b>LIABILITIES</b>									
Payable to HBL Asset Management Limited - Pension Fund Manager	9	78	485	907	1,470	411	195	174	780
Payable to Central Depository Company of Pakistan Limited - Trustee	10	11	54	99	164	25	43	61	129
Payable to Securities and Exchange Commission of Pakistan	11	27	120	202	349	49	55	76	180
Accrued expenses and other liabilities	12	893	1,650	2,349	4,892	869	967	940	2,776
<b>TOTAL LIABILITIES</b>		<b>1,009</b>	<b>2,309</b>	<b>3,557</b>	<b>6,875</b>	<b>1,354</b>	<b>1,260</b>	<b>1,251</b>	<b>3,865</b>
<b>NET ASSETS</b>		<b>57,367</b>	<b>379,606</b>	<b>704,449</b>	<b>1,141,422</b>	<b>133,433</b>	<b>294,946</b>	<b>403,035</b>	<b>831,414</b>
<b>PARTICIPANTS' SUB FUNDS (AS PER STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS)</b>		<b>57,367</b>	<b>379,606</b>	<b>704,449</b>	<b>1,141,422</b>	<b>133,433</b>	<b>294,946</b>	<b>403,035</b>	<b>831,414</b>
Contingencies and commitments	18	(Number of units)			(Number of units)				
Number of units in issue	14	190,261	1,362,202	2,898,259		426,826	1,247,541	1,957,660	
		(Rupees)			(Rupees)				
Net assets value per unit		301.5172	278.6710	243.0594		312.6181	236.4216	205.8763	

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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

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

\_\_\_\_\_  
Director

# HBL PENSION FUND

## Income Statement and Statement of Comprehensive Income

For the year ended June 30, 2023

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
<b>INCOME</b>								
Dividend income	5,524	-	-	5,524	10,024	-	-	10,024
Profit / Markup on bank deposits	481	22,544	25,463	48,488	541	15,772	27,554	43,867
Mark-up / return on investments	-	31,515	66,505	98,020	-	8,526	6,188	14,714
Net (loss) / gain on sale of investments	(3,849)	212	(433)	(4,070)	(35,591)	(562)	61	(36,092)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1,092)	(111)	(334)	(1,537)	(33,180)	(677)	-	(33,857)
<b>Total Income / (loss)</b>	<b>1,064</b>	<b>54,160</b>	<b>91,201</b>	<b>146,425</b>	<b>(58,206)</b>	<b>23,059</b>	<b>33,803</b>	<b>(1,344)</b>
<b>EXPENSES</b>								
Remuneration to HBL Fund Management Limited - Pension Fund Manager	1,265	3,034	4,227	8,526	4,341	2,897	3,706	10,944
Remuneration of Central Depository Company of Pakistan Limited - Trustee	117	512	858	1,487	331	373	514	1,218
Annual fee to Securities and Exchange Commission of Pakistan	27	120	202	349	49	55	76	180
Auditors' remuneration	3	148	279	430	101	122	130	353
Settlement and bank charges	35	55	50	140	67	63	44	174
Securities transaction cost	1,079	-	-	1,079	676	-	-	676
Printing and Stationery	6	12	17	35	-	-	-	-
Fee and subscription	446	-	-	446	475	49	70	594
	<b>2,978</b>	<b>3,881</b>	<b>5,633</b>	<b>12,492</b>	<b>6,040</b>	<b>3,559</b>	<b>4,540</b>	<b>14,139</b>
<b>Net (loss) / income from operating activities</b>	<b>(1,914)</b>	<b>50,279</b>	<b>85,568</b>	<b>133,933</b>	<b>(64,246)</b>	<b>19,500</b>	<b>29,263</b>	<b>(15,483)</b>
Reversal of Provision for Sindh Workers' Welfare Fund	-	-	-	-	3,040	1,501	923	5,464
<b>Net (loss) / income for the year before taxation</b>	<b>(1,914)</b>	<b>50,279</b>	<b>85,568</b>	<b>133,933</b>	<b>(61,206)</b>	<b>21,001</b>	<b>30,186</b>	<b>(10,019)</b>
Taxation	-	-	-	-	-	-	-	-
<b>Net (loss) / income for the year after taxation</b>	<b>(1,914)</b>	<b>50,279</b>	<b>85,568</b>	<b>133,933</b>	<b>(61,206)</b>	<b>21,001</b>	<b>30,186</b>	<b>(10,019)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss) / income for the year</b>	<b>(1,914)</b>	<b>50,279</b>	<b>85,568</b>	<b>133,933</b>	<b>(61,206)</b>	<b>21,001</b>	<b>30,186</b>	<b>(10,019)</b>
<b>Earnings Per Unit</b>	4.8							

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

Chief Financial Officer

Chief Executive Officer

Director

**HBL PENSION FUND**  
**Statement of Movement in Participants' Funds**  
For the year ended June 30, 2023

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
<b>Note</b>	----- (Rupees in '000) -----							
<b>Net assets at beginning of the year</b>	133,433	294,946	403,035	831,414	212,630	191,557	260,469	664,656
Amount received on issuance of units	19,123	153,674	398,593	571,390	152,166	364,745	488,306	1,005,217
Amount paid on redemption of units	(72,649)	(109,501)	(213,165)	(395,315)	(178,183)	(277,028)	(373,229)	(828,440)
Reallocation among sub-funds	(20,626)	(9,792)	30,418	-	8,026	(5,329)	(2,697)	-
	(74,152)	34,381	215,846	176,075	(17,991)	82,388	112,380	176,777
Net (loss) / gain on sale of investments	(3,849)	212	(433)	(4,070)	(35,591)	(562)	61	(36,092)
Net unrealised loss on re-measurement of investments classified as financial assets at fair value through profit or loss	(1,092)	(111)	(334)	(1,537)	(33,180)	(677)	-	(33,857)
Other net income for the year	3,027	50,178	86,335	139,540	7,565	22,240	30,125	59,930
<b>Total comprehensive (loss) / income for the year</b>	(1,914)	50,279	85,568	133,933	(61,206)	21,001	30,186	(10,019)
<b>Net assets at end of the year</b>	57,367	379,606	704,449	1,141,422	133,433	294,946	403,035	831,414
Net assets value per unit at beginning of the year	312.6181	236.4216	205.8763		433.3512	215.5798	186.9322	
Net assets value per unit at end of the year	301.5172	278.6710	243.0594		312.6181	236.4216	205.8763	

The annexed notes from 1 to 27 form an integral part of these financial statements.

**For HBL Asset Management Limited**  
**(Pension Fund Manager)**

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

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

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

# HBL PENSION FUND

## Cash Flow Statement

For the year ended June 30, 2023

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net (loss) / income for the year before taxation	(1,914)	50,279	85,568	133,933	(61,206)	21,001	30,186	(10,019)
<b>Adjustments for:</b>								
Net loss / (gain) on sale of investments	3,849	(212)	433	4,070	35,591	562	(61)	36,092
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss	1,092	111	334	1,537	33,180	677	-	33,857
Dividend Income	(5,524)	-	-	(5,524)	(10,024)	-	-	(10,024)
Profit on bank deposits	(481)	(22,544)	(25,463)	(48,488)	(541)	(15,772)	(27,554)	(43,867)
Mark-up / return on investments	-	(31,515)	(66,505)	(98,020)	-	(8,526)	(6,188)	(14,714)
Reversal of Provision for Sindh Workers' Welfare Fund	-	-	-	-	(3,040)	(1,501)	(923)	(5,464)
	(2,978)	(3,881)	(5,633)	(12,492)	(6,040)	(3,559)	(4,540)	(14,139)
<b>Decrease / (increase) in assets</b>								
Investments - net	70,205	(182,714)	(621,775)	(734,284)	5,287	55,353	120,406	181,046
Deposits and other receivables	719	(382)	(58)	279	(22)	(209)	8	(223)
	70,924	(183,096)	(621,833)	(734,005)	5,265	55,144	120,414	180,823
<b>(Decrease) / increase in liabilities</b>								
Payable to HBL Asset Management Limited - Pension Fund Manager	(333)	290	733	690	107	(88)	(191)	(172)
Payable to Central Depository Company of Pakistan Limited - Trustee	(14)	11	38	35	(7)	16	26	35
Payable to Securities and Exchange Commission of Pakistan	(22)	65	126	169	(5)	6	30	31
Accrued expenses and other liabilities	24	683	1,409	2,116	(61)	(472)	(864)	(1,397)
	(345)	1,049	2,306	3,010	34	(538)	(999)	(1,503)
Dividend received	5,517	-	-	5,517	10,408	-	-	10,408
Profit received on bank deposits	577	25,315	29,950	55,842	416	11,339	20,825	32,580
Mark-up received on investments	-	27,443	58,469	85,912	-	9,140	5,426	14,566
<b>Net cash generated / (used in) from operating activities</b>	<b>73,695</b>	<b>(133,170)</b>	<b>(536,741)</b>	<b>(596,216)</b>	<b>10,083</b>	<b>71,526</b>	<b>141,126</b>	<b>222,735</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Amount received on issuance of units	19,123	153,674	398,593	571,390	152,166	364,745	488,306	1,005,217
Amount paid on redemption of units	(72,649)	(109,501)	(213,165)	(395,315)	(178,183)	(277,028)	(373,229)	(828,440)
Reallocation among funds	(20,626)	(9,792)	30,418	-	8,026	(5,329)	(2,697)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(74,152)</b>	<b>34,381</b>	<b>215,846</b>	<b>176,075</b>	<b>(17,991)</b>	<b>82,388</b>	<b>112,380</b>	<b>176,777</b>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	<b>(457)</b>	<b>(98,789)</b>	<b>(320,895)</b>	<b>(420,141)</b>	<b>(7,908)</b>	<b>153,914</b>	<b>253,506</b>	<b>399,512</b>
Cash and cash equivalents at beginning of the year	3,321	229,087	358,775	591,183	11,229	75,173	105,269	191,671
<b>Cash and cash equivalents at end of the year</b>	<b>2,864</b>	<b>130,298</b>	<b>37,880</b>	<b>171,042</b>	<b>3,321</b>	<b>229,087</b>	<b>358,775</b>	<b>591,183</b>

For HBL Asset Management Limited  
(Pension Fund Manager)

Chief Financial Officer

Chief Executive Officer

Director

## 1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

The Fund offers five types of allocation schemes, as prescribed by the SECP under NBFC Regulations, 2008, to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility & Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. The allocation to the Sub-Funds has to be done at the date of opening of contributor's pension account and on an anniversary date thereafter. The contribution amount may be paid by the contributor on a periodic basis such as annual, semi annual, quarterly or monthly basis.

VIS Credit Rating Agency has assigned management quality rating of 'AM1' (Stable Outlook) on December 30, 2022 (June 2022:AM2++) to the Pension Fund Manager while the Fund is currently not rated.

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

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 (as amended vide Sindh Trusts (Amended) Act, 2021). In this regard, the Pension Fund Manager submitted restated Trust Deed of the Fund which was duly registered on September 08, 2021.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules); and
- Provisions of and directives issued under the Companies Act, 2017.

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

### **2.2 Critical accounting estimates and judgments**

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

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

- (a) classification and measurement of financial assets (Note 4.2.1.1)
- (b) impairment of financial assets (Note 4.2.1.3)
- (c) provisions (Note 4.3)
- (d) classification and measurement of financial liabilities (Note 4.2.2.1)
- (e) contingencies and commitments (Note 18)

### **2.3 Basis of Measurement**

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

## 2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the functional and presentation currency of the Fund.

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

### 3.1 New amendments that are effective for the year ended June 30, 2023

The following amendments are effective for the year ended June 30, 2023. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

### 3.2 New amendments that are not yet effective

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

	<b>Effective from accounting period beginning on or after</b>
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments : Disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **4.1 Cash and cash equivalents**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The fair value of financial instruments is determined as follows:

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

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

Basis of valuation of other debt securities:

The fair value of debt securities (other than government debt securities) not listed on stock exchange is based on the value determined and announced by Mutual Fund Association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued SECP. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

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

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

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

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

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

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

#### **4.2.1.4 Derecognition**

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

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

#### **4.2.2 Financial liabilities**

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

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

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

##### **4.2.2.2 Derecognition**

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

##### **4.2.2.3 Regular way contracts**

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

##### **4.2.2.4 Offsetting of financial instruments**

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

#### **4.3 Provisions**

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

#### **4.4 Revenue recognition**

- Mark-up / return on investments in debt securities are recognised using effective yield method.
- Profit on bank deposit is recognised on a time proportionate basis and at the interest rate applicable.
- Dividend income is recognised when the right to receive dividend is established.
- Capital gain / (loss) arising on sale of investments are included in the income statement on the date at which the sales transaction takes place.
- Unrealised gain / (loss) arising on re - measurement of investments classified as financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

**.5 Taxation**

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

**4.6 Issue and redemption of units**

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

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

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

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

**4.7 Net asset value per unit**

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

**4.8 Earnings per unit (EPU)**

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

**5. BANK BALANCES**

		2023				2022			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
<b>Note</b>		----- (Rupees in '000) -----							
Savings accounts	5.1	2,864	130,298	37,880	171,042	3,321	229,087	358,775	591,183

5.1 This includes balances of Rs.1.14 million, Rs.17.07 million & Rs.21.61 million (June 30, 2022: Rs.2.39 million, Rs.228.74 million & Rs.358.54 million) of equity sub-fund, debt sub-fund and money market sub-fund respectively placed with Habib Bank Limited (a related party), during the year these accounts carried profit at the rates ranging between 13.50% to 19.51% (June 30, 2022: 5.50% to 17.55%) respectively. During the year other savings accounts of the Fund carried profit at the rates ranging between 10% to 21.85% (June 30, 2022: 5.50% to 17.50%) per annum.

6. INVESTMENTS

	Note	2023				2021			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
<b>Investments by category</b>									
<b>At fair value through profit or loss</b>									
Listed equity securities	6.1	52,645	-	-	52,645	127,901	-	-	127,901
Government securities									
- Market treasury bills		-	13,436	331,094	344,530	-	-	-	-
- Pakistan investment bonds	6.2	-	-	234,436	234,436	-	-	-	-
- GOP Ijarah Sukuk		-	155,605	-	155,605	-	-	-	-
Term finance certificates and corporate sukuk bonds	6.3	-	74,670	93,000	167,670	-	44,520	25,000	69,520
Commercial papers	6.4	-	-	-	-	-	16,376	12,522	28,898
Letters of placement	6.5	-	-	-	-	-	-	-	-
		<b>52,645</b>	<b>243,711</b>	<b>658,530</b>	<b>954,886</b>	<b>127,901</b>	<b>60,896</b>	<b>37,522</b>	<b>226,319</b>

6.1 Listed equity securities  
Held by Equity Sub-Fund

Name of the Investee Company	As at July 1, 2022	Purchases during the year	Bonus / Rights issue/(Share adjustment)	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise										
	(Number of Shares)				(Rupees in '000)		(%)			
<b>AUTOMOBILE ASSEMBLER</b>										
Millat Tractors Limited	-	500	-	500	-	-	-	0.00%	0.00%	0.00%
	-	500	-	500	-	-	-	0.00%	0.00%	0.00%
<b>CEMENT</b>										
Attock Cement Pakistan Limited	46,000	8,000	-	54,000	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Limited	6,000	-	-	6,000	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Limited	-	12,552	-	12,552	-	-	-	0.00%	0.00%	0.00%
D.G. Khan Cement Company Limited	-	371,256	-	371,256	-	-	-	0.00%	0.00%	0.00%
Cherat Cement Company Limited	-	78,200	-	59,500	18,700	2,254	2,249	4.27%	3.92%	0.01%
Pioneer Cement Limited	-	58,000	-	58,000	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	-	154,000	-	154,000	-	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Limited	-	955,800	-	822,800	133,000	3,682	3,768	7.16%	6.57%	0.01%
	<b>52,000</b>	<b>1,637,808</b>	<b>-</b>	<b>1,538,108</b>	<b>151,700</b>	<b>5,936</b>	<b>6,017</b>	<b>11.43%</b>	<b>10.49%</b>	<b>0.02%</b>
<b>CHEMICAL</b>										
Engro Polymer & Chemicals Limited	16,000	49,500	-	65,500	-	-	-	0.00%	0.00%	0.00%
Lucky Core Industries Limited	-	500	-	500	-	-	-	0.00%	0.00%	0.00%
Lotte Chemical Pakistan Limited	-	21,500	-	21,500	-	-	-	0.00%	0.00%	0.00%
Descon Oxychem Limited	-	90,500	-	90,500	-	-	-	0.00%	0.00%	0.00%
	<b>16,000</b>	<b>162,000</b>	<b>-</b>	<b>178,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>COMMERCIAL BANKS</b>										
Bank Islami Pakistan Limited	-	319,500	-	-	319,500	5,389	5,674	10.78%	9.89%	0.03%
Meezan Bank Limited	-	66,500	-	66,500	-	-	-	0.00%	0.00%	0.00%
Bank Al-Falah Limited	85,446	103,500	-	188,946	-	-	-	0.00%	0.00%	0.00%
Bank Al-Habib Limited	45,500	62,000	-	107,500	-	-	-	0.00%	0.00%	0.00%
Habib Bank Limited	62,963	231,302	-	261,765	32,500	2,282	2,380	4.52%	4.15%	0.00%
Faysal Bank Limited*	197,840	71,997	-	268,997	840	22	17	0.03%	0.03%	0.00%
MCB Bank Limited	34,935	18,500	-	53,435	-	-	-	0.00%	0.00%	0.00%
Standard Chartered Bank (Pakistan) Limited	210,000	-	-	210,000	-	-	-	0.00%	0.00%	0.00%
Habib Metropolitan Bank	52,500	-	-	52,500	-	-	-	0.00%	0.00%	0.00%
United Bank Limited	79,491	76,838	-	138,329	18,000	1,973	2,116	4.02%	3.69%	0.00%
	<b>768,675</b>	<b>950,137</b>	<b>-</b>	<b>1,347,972</b>	<b>370,840</b>	<b>9,666</b>	<b>10,187</b>	<b>19.35%</b>	<b>17.76%</b>	<b>0.03%</b>
<b>ENGINEERING</b>										
Mughal Iron And Steel Industries Limited*	32,944	42,332	-	53,276	22,000	1,181	1,066	2.02%	1.86%	0.01%
International Steels Limited	-	38,500	-	38,500	-	-	-	0.00%	0.00%	0.00%
	<b>32,944</b>	<b>80,832</b>	<b>-</b>	<b>91,776</b>	<b>22,000</b>	<b>1,181</b>	<b>1,066</b>	<b>2.02%</b>	<b>1.86%</b>	<b>0.01%</b>
<b>FERTILIZER</b>										
Engro Fertilizers Limited	15,000	129,100	-	81,500	62,600	5,322	5,166	9.81%	9.01%	0.05%
Fauji Fertilizer Company Limited	83,400	219,300	-	250,700	52,000	5,210	5,119	9.72%	8.92%	0.04%
Engro Corporation Limited	49,100	50,700	-	95,600	4,200	1,223	1,091	2.07%	1.90%	0.01%
	<b>147,500</b>	<b>399,100</b>	<b>-</b>	<b>427,800</b>	<b>118,800</b>	<b>11,755</b>	<b>11,376</b>	<b>21.60%</b>	<b>19.83%</b>	<b>0.10%</b>

# HBL PENSION FUND

## Notes to the Financial Statements

For the year ended June 30, 2023

Name of the Investee Company	As at July 1, 2022	Purchases during the year	Bonus / Rights issue/(Share adjustment)	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund	Par value as a percentage of issued capital of the investee company
	(Number of Shares)			(Rupees in '000)			(%)			
<b>GLASS &amp; CERAMICS</b>										
Tariq Glass Limited	-	91,500	-	91,500	-	-	-	0.00%	0.00%	0.00%
	-	<b>91,500</b>	-	<b>91,500</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>INSURANCE</b>										
IGI Holdings Limited	12,300	-	-	12,300	-	-	-	0.00%	0.00%	0.00%
	<b>12,300</b>	-	-	<b>12,300</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>OIL AND GAS EXPLORATION COMPANIES</b>										
Oil & Gas Development company	131,600	135,900	-	209,300	58,200	4,740	4,540	8.62%	7.91%	0.00%
Pakistan Oilfields Limited	9,775	16,400	-	26,175	-	-	-	0.00%	0.00%	0.00%
Mari Petroleum Company Limited	1,834	1,357	-	3,191	-	-	-	0.00%	0.00%	0.00%
Pakistan Petroleum Limited	95,300	279,600	-	288,900	86,000	5,801	5,086	9.66%	8.87%	0.00%
	<b>238,509</b>	<b>433,257</b>	-	<b>527,566</b>	<b>144,200</b>	<b>10,541</b>	<b>9,626</b>	<b>18.28%</b>	<b>16.78%</b>	<b>0.00%</b>
<b>OIL AND GAS MARKETING COMPANIES</b>										
Pakistan State Oil Company Limited*	39,377	69,000	-	77,158	31,219	3,502	3,466	6.58%	6.04%	0.01%
Sui Northern Gas Pipelines Limited	-	377,800	-	326,300	51,500	2,215	2,027	3.85%	3.53%	0.01%
	<b>39,377</b>	<b>446,800</b>	-	<b>403,458</b>	<b>82,719</b>	<b>5,717</b>	<b>5,493</b>	<b>10.43%</b>	<b>9.57%</b>	<b>0.02%</b>
<b>MISCELLANEOUS</b>										
TPL Properties Limited	50,500	86,000	-	136,500	-	-	-	0.00%	0.00%	0.00%
	<b>50,500</b>	<b>86,000</b>	-	<b>136,500</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>PHARMACEUTICALS</b>										
AGP Limited	-	17,500	-	17,500	-	-	-	0.00%	0.00%	0.00%
Highnoon Laboratories Limited*	2,149	-	7	2,100	56	26	19	0.04%	0.03%	0.00%
Searle Pakistan Limited*	15,538	15,200	134	30,199	673	39	26	0.05%	0.05%	0.00%
	<b>17,687</b>	<b>32,700</b>	<b>141</b>	<b>49,799</b>	<b>729</b>	<b>65</b>	<b>45</b>	<b>0.09%</b>	<b>0.08%</b>	<b>0.00%</b>
<b>POWER GENERATION AND DISTRIBUTION</b>										
Hub Power Company Limited	92,140	204,860	-	230,000	67,000	4,628	4,662	8.86%	8.13%	0.01%
Nishat Power Limited	-	59,000	-	59,000	-	-	-	0.00%	0.00%	0.00%
	<b>92,140</b>	<b>263,860</b>	-	<b>289,000</b>	<b>67,000</b>	<b>4,628</b>	<b>4,662</b>	<b>8.86%</b>	<b>8.13%</b>	<b>0.01%</b>
<b>FOOD AND PERSONAL CARE PRODUCTS</b>										
The Organic Meat Company Limited	137,816	-	-	137,816	-	-	-	0.00%	0.00%	0.00%
Unity Foods Limited	129,500	78,500	-	208,000	-	-	-	0.00%	0.00%	0.00%
	<b>267,316</b>	<b>78,500</b>	-	<b>345,816</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>REFINERY</b>										
Attock Refinery Limited	16,500	106,440	-	122,940	-	-	-	0.00%	0.00%	0.00%
National Refinery Limited	8,750	4,500	-	13,250	-	-	-	0.00%	0.00%	0.00%
	<b>25,250</b>	<b>110,940</b>	-	<b>136,190</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TECHNOLOGY &amp; COMMUNICATION</b>										
Avanceon Limited	18,125	93,500	-	111,625	-	-	-	0.00%	0.00%	0.00%
Systems Limited	-	18,200	-	15,700	2,500	1,151	1,008	1.91%	1.76%	0.00%
Netsol Technologies Limited	-	55,000	-	55,000	-	-	-	0.00%	0.00%	0.00%
TPL Trakker Limited	361,500	-	-	3,500	358,000	3,097	3,165	6.01%	5.52%	0.19%
	<b>379,625</b>	<b>166,700</b>	-	<b>185,825</b>	<b>360,500</b>	<b>4,248</b>	<b>4,173</b>	<b>7.92%</b>	<b>7.28%</b>	<b>0.19%</b>
<b>TEXTILE COMPOSITE</b>										
Interloop Limited	20,797	-	-	20,797	-	-	-	0.00%	0.00%	0.00%
Kohinoor Textile Mills Limited	27,500	-	-	27,500	-	-	-	0.00%	0.00%	0.00%
Gul Ahmed Textile Mills Limited	36,300	-	-	36,300	-	-	-	0.00%	0.00%	0.00%
Nishat Mills Limited	18,500	-	-	18,500	-	-	-	0.00%	0.00%	0.00%
	<b>103,097</b>	-	-	<b>103,097</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total as at June 30, 2023</b>	<b>2,242,920</b>	<b>4,940,634</b>	<b>141</b>	<b>5,865,207</b>	<b>1,318,488</b>	<b>53,737</b>	<b>52,645</b>			
<b>Total as at June 30, 2022</b>	<b>2,464,804</b>	<b>3,005,396</b>	<b>(7,587)</b>	<b>3,219,693</b>	<b>2,242,920</b>	<b>161,081</b>	<b>127,901</b>			

\* Finance Act, 2014 had brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the investee company which shall be considered as final discharge of tax liability on such income. However, the Pension Fund Manager of the Fund jointly with other Pension Fund managers and 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 mutual funds based on the premise of exemption available to mutual funds under Clause 99 and Clause 57(3)(viii) of Part I and Clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld the share equivalent to 5% of bonus announcement of the Fund having fair market value of Rs. 0.123 million at June 30, 2023 ( 2022: Rs. 0.187 million) and not yet deposited on CDC account of department of Income tax. Pension Fund Manager is of the view that the decision will be in the favor and accordingly has recorded the bonus shares on gross basis at fair value in Fund's investments at year end.

6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as security against settlement of the Sub-Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by S

	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Number of shares) -----		----- (Rupees in '000) -----	
Attock Refinery	-	5,000	-	879
Bank Alfalah Limited	-	50,000	-	1,600
Habib Bank Limited	-	50,600	-	4,622
Mughal Iron and Industries	-	20,000	-	1,153
Nishat Mills Limited	-	10,000	-	739
National Refinery Limited	-	5,000	-	1,263
Oil & Gas Development company	17,500	80,000	1,365	6,294
Pakistan Petroleum Limited	50,500	40,000	2,987	2,700
Pakistan State Oil Company Limited	-	20,000	-	3,437
United Bank Limited	15,500	50,000	1,822	5,657
Sui Northern Gas Pipelines Limited	50,000	-	1,969	-
Engro Fertilizers Limited	21,000	-	1,733	-
	<b>154,500</b>	<b>330,600</b>	<b>9,876</b>	<b>28,344</b>

**6.2 Government securities**  
**Held by Debt Sub-Fund**

Issue date	Face value				Carrying Value as at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub- fund
	As at July 1, 2022	Purchases during the year	Sales / matured during the year	As at June 30, 2023				
	----- (Rupees in '000) -----						---- (%) ----	
<b>Market treasury bills</b>								
Treasury Bill - 3 months	June 30, 2022	-	98,200	98,200	-	-	0.00%	0.00%
Treasury Bill - 3 months	July 28, 2022	-	529,400	529,400	-	-	0.00%	0.00%
Treasury Bill - 3 months	August 25, 2022	-	169,000	169,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	October 6, 2022	-	150,000	150,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	November 17, 2022	-	135,000	135,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	December 15, 2022	-	24,000	24,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	January 26, 2023	-	30,000	30,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	February 9, 2023	-	35,000	35,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	March 9, 2023	-	7,500	7,500	-	-	0.00%	0.00%
Treasury Bill - 3 months	April 6, 2023	-	239,000	239,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	June 15, 2023	-	14,000	-	14,000	13,455	5.51%	3.54%
Treasury Bill - 6 months	April 21, 2022	-	90,000	90,000	-	-	0.00%	0.00%
Treasury Bill - 6 months	October 6, 2022	-	150,000	150,000	-	-	0.00%	0.00%
Treasury Bill - 12 months	October 6, 2022	-	85,000	85,000	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>		-	<b>1,756,100</b>	<b>1,742,100</b>	<b>14,000</b>	<b>13,455</b>	<b>5.51%</b>	<b>3.54%</b>
Total as at June 30, 2022		<b>30,300</b>	<b>471,000</b>	<b>501,300</b>	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>Pakistan Investment Bonds - FRB</b>								
Pakistan Investment Bonds 2 years	August 26, 2021	-	50,000	50,000	-	-	0.00%	0.00%
Pakistan Investment Bonds 2 years	September 8, 2022	-	70,000	70,000	-	-	0.00%	0.00%
Pakistan Investment Bonds 2 years	February 9, 2023	-	75,000	75,000	-	-	0.00%	0.00%
Pakistan Investment Bonds 3 years	August 4, 2022	-	480,000	480,000	-	-	0.00%	0.00%
Pakistan Investment Bonds 3 years	September 8, 2022	-	85,000	85,000	-	-	0.00%	0.00%
Pakistan Investment Bonds 5 years	May 6, 2021	-	85,000	85,000	-	-	0.00%	0.00%
Pakistan Investment Bonds 5 years	October 13, 2022	-	480,000	480,000	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>		-	<b>1,325,000</b>	<b>1,325,000</b>	-	-	<b>0.00%</b>	<b>0.00%</b>
Total as at June 30, 2022		<b>50,000</b>	<b>150,000</b>	<b>200,000</b>	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>Government of Pakistan - Ijarah sukuk</b>								
GOP Ijarah Sukuk 5 years	October 26, 2022	-	80,000	80,000	-	-	0.00%	0.00%
GOP Ijarah Sukuk 1 year	April 17, 2023	-	140,000	140,000	-	-	0.00%	0.00%
GOP Ijarah Sukuk 1 year	May 22, 2023	-	200,000	44,500	155,500	155,500	63.85%	40.99%
<b>Total as at June 30, 2023</b>		-	<b>420,000</b>	<b>264,500</b>	<b>155,500</b>	<b>155,500</b>	<b>63.85%</b>	<b>40.99%</b>
Total as at June 30, 2022		-	-	-	-	-	-	-

Held by Money Market Sub-Fund

Issue date	Tenor	Face value			Carrying Value as at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund
		As at July 1, 2022	Purchases during the year	Sales / matured during the year				
(Rupees in '000)								
(%)								
<b>Market Treasury Bills</b>								
Treasury Bill - 3 months	June 30, 2022	-	301,500	301,500	-	-	0.00%	0.00%
Treasury Bill - 3 months	July 28, 2022	-	2,487,500	2,487,500	-	-	0.00%	0.00%
Treasury Bill - 3 months	August 11, 2022	-	15,000	15,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	September 8, 2022	-	27,500	27,500	-	-	0.00%	0.00%
Treasury Bill - 3 months	September 22, 2022	-	13,000	13,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	October 6, 2022	-	275,000	275,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	October 20, 2022	-	950,000	950,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	November 3, 2022	-	388,000	388,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	November 17, 2022	-	480,000	480,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	December 1, 2022	-	310,000	310,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	December 15, 2022	-	426,000	426,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	January 4, 2023	-	466,530	466,530	-	-	0.00%	0.00%
Treasury Bill - 3 months	January 12, 2023	-	67,000	67,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	January 26, 2023	-	1,513,700	1,513,700	-	-	0.00%	0.00%
Treasury Bill - 3 months	February 9, 2023	-	480,000	480,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	March 9, 2023	-	483,000	483,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	April 6, 2023	-	770,300	770,300	-	-	0.00%	0.00%
Treasury Bill - 3 months	April 20, 2023	-	122,000	122,000	-	-	0.00%	0.00%
Treasury Bill - 3 months	June 15, 2023	-	345,000	-	345,000	331,543	50.28%	47.00%
Treasury Bill - 6 months	April 21, 2022	-	290,000	290,000	-	-	0.00%	0.00%
Treasury Bill - 6 months	June 2, 2022	-	8,750	8,750	-	-	0.00%	0.00%
Treasury Bill - 6 months	August 25, 2022	-	160,000	160,000	-	-	0.00%	0.00%
Treasury Bill - 6 months	October 6, 2022	-	275,000	275,000	-	-	0.00%	0.00%
Treasury Bill - 6 months	October 20, 2022	-	490,000	490,000	-	-	0.00%	0.00%
Treasury Bill - 12 months	April 21, 2022	-	150,000	150,000	-	-	0.00%	0.00%
Treasury Bill - 12 months	May 19, 2022	-	9,900	9,900	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>		-	<b>11,304,680</b>	<b>10,959,680</b>	<b>345,000</b>	<b>331,543</b>	<b>50.28%</b>	<b>47.00%</b>
Total as at June 30, 2022		151,000	1,809,000	1,960,000	-	-	0.00%	0.00%
<b>Pakistan Investment Bonds - FRB</b>								
Pakistan Investment Bonds 2 years	August 26, 2021	-	235,000	-	235,000	234,321	35.60%	33.28%
Pakistan Investment Bonds 3 years	June 18, 2020	-	144,500	144,500	-	-	0.00%	0.00%
Pakistan Investment Bonds 3 years	June 18, 2020	-	158,700	158,700	-	-	0.00%	0.00%
Pakistan Investment Bonds 3 years	June 18, 2020	-	145,900	145,900	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>		-	<b>684,100</b>	<b>449,100</b>	<b>235,000</b>	<b>234,321</b>	<b>35.60%</b>	<b>33.28%</b>
Total as at June 30, 2022		-	-	-	-	-	-	-

6.3

Term finance certificates and corporate sukuk bonds

Held by Debt Sub-Fund

Name of the Investee Company	As at July 1, 2022	Purchases during the year	Sales / Matured during the year	As at June 30, 2023	Carrying Value as at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund
(Number of Certificates)								
(Rupees in '000)								
(%)								
<b>Commercial Banks</b>								
Bank of Punjab *	60	-	60	-	-	-	0.00%	0.00%
Bank Alfalah Limited *	2,400	-	-	2,400	11,060	11,340	4.65%	2.99%
Soneri Bank Limited *	-	200	-	200	19,996	19,589	8.04%	5.16%
	<b>2,460</b>	<b>200</b>	<b>60</b>	<b>2,600</b>	<b>31,056</b>	<b>30,929</b>	<b>12.69%</b>	<b>8.15%</b>
<b>Multitiities</b>								
China Power Hub Generation Company - 280722 **	-	5	5	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited - 280922 **	-	10	10	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited - 131022 **	-	22	22	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited - 130623 **	-	35	-	35	35,000	35,000	14.36%	9.22%
K-Electric Limited - 100822 **	-	15	15	-	-	-	0.00%	0.00%
K-Electric Limited - 131222 **	-	8	8	-	-	-	0.00%	0.00%
K-Electric Limited - 090223 **	-	3	-	3	3,000	3,000	1.23%	0.79%
Hub Power Company Limited - 270422**	50	-	50	-	-	-	0.00%	0.00%
	<b>50</b>	<b>98</b>	<b>110</b>	<b>38</b>	<b>38,000</b>	<b>38,000</b>	<b>15.59%</b>	<b>10.01%</b>
<b>Miscellaneous</b>								
Pak Elektron Limited **	12	-	12	-	-	-	0.00%	0.00%
OBS AGP (Private) Limited **	20	-	-	20	1,633	1,628	0.67%	0.43%
TPL Trakker Limited **	4	-	-	4	2,457	2,436	1.00%	0.64%
Jahangir Siddiqui and Company Limited *	2,000	-	-	2,000	1,721	1,677	0.69%	0.44%
	<b>2,036</b>	<b>-</b>	<b>12</b>	<b>2,024</b>	<b>5,811</b>	<b>5,741</b>	<b>2.36%</b>	<b>1.51%</b>
<b>Total as at June 30, 2023</b>	<b>4,546</b>	<b>298</b>	<b>182</b>	<b>4,662</b>	<b>74,867</b>	<b>74,670</b>	<b>30.64%</b>	<b>19.67%</b>
Total as at June 30, 2022	6,502	100	2,056	4,546	45,197	44,520	73.10%	15.10%

Name of the Investee Company	As at July 1, 2022	Purchases during the year	Sales / Matured during the year	As at June 30, 2023	Carrying Value as at June 30, 2023	Market value as at June 30, 2023	Market value as a percentage of total investments of sub-fund	Market value as a percentage of net assets of sub-fund
	----- (Number of Certificates) -----				----- (Rupees in '000) -----		----- (%) -----	
<b>Mult utilities</b>								
K-Electric Limited 130422 **	25	-	25	-	-	-	0.00%	0.00%
K-Electric Limited 100822 **	-	8	8	-	-	-	0.00%	0.00%
K-Electric Limited 131222 **	-	35	35	-	-	-	0.00%	0.00%
K-Electric Limited 090223 **	-	10	-	10	10,000	10,000	1.52%	1.42%
K-Electric Limited 180523 **	-	18	-	18	18,000	18,000	2.73%	2.56%
China Power Hub Generation Company - 280722 **	-	22	22	-	-	-	0.00%	0.00%
China Power Hub Generation Company - 071222 **	-	20	20	-	-	-	0.00%	0.00%
China Power Hub Generation Company - 280323 **	-	35	-	35	35,000	35,000	5.31%	4.97%
Lucky Electric Power Company Limited - 131022 **	-	7	7	-	-	-	0.00%	0.00%
	-	30	-	30	30,000	30,000	4.56%	4.26%
<b>Total as at June 30, 2023</b>	<b>25</b>	<b>185</b>	<b>117</b>	<b>93</b>	<b>93,000</b>	<b>93,000</b>	<b>14.12%</b>	<b>13.21%</b>
Total as at June 30, 2022	-	50	25	25	25,000	25,000	67.00%	6.00%

6.3.1 Significant terms and conditions of Term finance certificates and corporate sukuk bonds outstanding as at June 30, 2023 are as follows:

Name of security	Remaining principal Face value Rupees per TFC & Sukuk	Mark-up rate per annum	Issue date	Maturity date
Soneri Bank Limited	99,980	6 months KIBOR+1.70%	December 26, 2022	December 26, 2032
Bank Alfalah Limited	5,000	6 months KIBOR + 0.75%	January 15, 2021	January 15, 2024
K-Electric Limited	1,000,000	6 months KIBOR+1%	February 09, 2023	August 09, 2023
Lucky Electric Power Company Limited	1,000,000	6 months KIBOR+0.5%	June 13, 2023	December 13, 2023
China Power Hub Generation Company Limited	1,000,000	6 months KIBOR + 0.75%	March 28, 2023	September 28, 2023
Jahangir Siddiqui and Company Limited	833	6 months KIBOR + 1.4%	March 06, 2018	September 06, 2023
TPL Trakker Limited	611,111	3 months KIBOR + 3%	March 30, 2021	March 30, 2026
OBS AGP (Private) Limited	81,250	3 months KIBOR + 1.55%	July 15, 2021	July 15, 2026

\* Term Finance Certificates (TFC)

\*\* Sukuk Bonds

## 6.4 Commercial papers

### Held by Debt Sub-Fund

Name of Company	Note	Maturity Date	Face Value			As at June 30, 2023	Carrying amount as at June 30, 2023	Market value as at June 30, 2023	Percentage of total value of investments of sub-fund	Percentage of Net Assets of sub-fund
			As at July 1, 2022	Placement made during the year	Matured during the year					
			----- (Rupees in '000) -----					----- (%) -----		
China Power Hub Generation Company	6.4.1	October 11, 2022	17,000	-	17,000	-	-	-	0%	0%
<b>Total as at June 30, 2023</b>			<b>17,000</b>	<b>-</b>	<b>17,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>
Total as at June 30, 2022			8,000	36,000	27,000	17,000	16,376	16,376	26.89%	5.55%

### Held by Money Market Sub-Fund

Name of Company	Note	Maturity date	Face Value			As at June 30, 2023	Carrying Value as at June 30, 2023	Market value as at June 30, 2023	Percentage of total value of investments of sub-fund	Percentage of Net Assets of sub-fund
			As at July 1, 2022	Placement made during the year	Matured / Sold during the year					
			----- (Rupees in '000) -----					----- (%) -----		
China Power Hub Generation Company	6.4.1	October 11, 2022	13,000	-	13,000	-	-	-	0%	0%
<b>Total as at June 30, 2023</b>			<b>13,000</b>	<b>-</b>	<b>13,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>
Total as at June 30, 2022			9,000	41,000	37,000	13,000	12,522	12,522	33%	3%

6.4.1 These commercial papers were placed at a discount rate of 13.59% (June 30, 2022: 13.59%) per annum.

**6.5 Letters of placement**

Name of Company	Issue date	As at July 1, 2022	Placement made during the year	Income Accrued	Matured / Sold during the year	As at June 30, 2023	Percentage of total value of investments of sub-fund	Percentage of Net Assets of sub-fund
(Rupees in '000)						(%)		
Pak Oman Investment Company Limited	April 4, 2023	-	39,000	21	39,021	-	0%	0%
Pak Oman Investment Company Limited	April 5, 2023	-	39,021	22	39,043	-	0%	0%
Pak Brunei Investmnet Company Limited	April 12, 2023	-	62,000	37	62,037	-	0%	0%
<b>Total as at June 30, 2023</b>		<b>-</b>	<b>140,021</b>	<b>80</b>	<b>140,101</b>	<b>-</b>	<b>0%</b>	<b>0%</b>
Total as at June 30, 2022		-	-	-	-	-	0%	0%

These letters of placment carried markup at the rate ranging from 19.75%% to 21.50% per annum (June 30, 2022: Nil)

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

Market value of investments  
Carrying value of investments before mark to market

2023			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
52,645	243,711	658,530	954,886
(53,737)	(243,822)	(658,864)	(956,423)
<b>(1,092)</b>	<b>(111)</b>	<b>(334)</b>	<b>(1,537)</b>

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

Market value of investments  
Carrying value of investments before mark to market

2022			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
127,901	60,896	37,522	226,319
(161,081)	(61,573)	(37,522)	(260,176)
<b>(33,180)</b>	<b>(677)</b>	<b>-</b>	<b>(33,857)</b>

**7. DIVIDEND AND PROFIT / MARKUP RECEIVABLE**

Note	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
Dividend receivable	7	-	-	7	-	-	-	-
Profit receivable on bank deposits	48	1,899	2,569	4,516	144	4,670	7,056	11,870
Profit on Term finance certificates and sukuk bonds	-	3,741	3,755	7,496	-	1,139	762	1,901
Markup on government securities	-	1,470	5,043	6,513	-	-	-	-
	<b>55</b>	<b>7,110</b>	<b>11,367</b>	<b>18,532</b>	<b>144</b>	<b>5,809</b>	<b>7,818</b>	<b>13,771</b>

**8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES**

Security Deposit with Central Depository Company of Pakistan Limited	100	100	100	300	100	100	100	300
Security deposit with National Clearing Company of Pakistan Limited	2,500	-	-	2,500	2,500	-	-	2,500
Receivable against sale of Investment	110	-	-	110	768	-	-	768
Advance Tax	73	663	84	820	53	314	71	438
Receivable from Pension Fund Manager	29	33	45	107	-	-	-	-
	<b>2,812</b>	<b>796</b>	<b>229</b>	<b>3,837</b>	<b>3,421</b>	<b>414</b>	<b>171</b>	<b>4,006</b>

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

Remuneration of Pension Fund Manager	9.1	69	429	803	1,301	364	173	154	691
Sindh Sales Tax on remuneration to Pension Fund Manager	9.2	9	56	104	169	47	22	20	89
		<b>78</b>	<b>485</b>	<b>907</b>	<b>1,470</b>	<b>411</b>	<b>195</b>	<b>174</b>	<b>780</b>

9.1 As per Rule 67F of the NBFC Regulations, 2008, the Pension Fund Manager may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. During the year, the fee is being charged at the rate ranging from 0.4% to 1.5% of the average annual net assets accordingly. The fee is payable monthly in arrears.

9.2 The Sindh Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2022: 13%) on the remuneration of the Pension Fund Manager through Sindh Sales Tax on Services Act, 2011.

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

Note	2023				2022				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	(Rupees in '000)								
Remuneration of the Trustee	10.1	10	48	88	146	22	38	54	114
Sindh Sales Tax on Trustee remuneration	10.2	1	6	11	18	3	5	7	15
		<b>11</b>	<b>54</b>	<b>99</b>	<b>164</b>	<b>25</b>	<b>43</b>	<b>61</b>	<b>129</b>

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2023 is as follows:

**Net assets**

**Tariff per annum**

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

10.2 Sindh Sales Tax at the rate of 13% (June 30, 2022: 13%) is applicable on Trustee fee as per Sindh Sales Tax on Services Act, 2011.

**11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

This represents annual fee payable to Securities And Exchange Commission of Pakistan in accordance with the Rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one twenty-fifth of 1% (June 30, 2022: one twenty-fifth of 1%) of average annual net asset value of each of the sub-fund.

**12. ACCRUED EXPENSES AND OTHER LIABILITIES**

Note	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Auditors' remuneration	24	104	173	301	69	77	98	244
Payable against redemption of units	51	667	1,340	2,058	-	-	-	-
Payable to National Clearing Company of Pakistan	39	-	-	39	32	-	-	32
Federal Excise Duty payable on Remuneration of Pension Fund Manager	12.1	763	878	836	2,477	763	878	836
Withholding tax payable	10	-	-	10	5	12	6	23
Others	6	1	-	7				
	<b>893</b>	<b>1,650</b>	<b>2,349</b>	<b>4,892</b>	<b>869</b>	<b>967</b>	<b>940</b>	<b>2,776</b>

## 12.1 FEDERAL EXCISE DUTY

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

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

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016. therefore, no provision is charged during the year ending June 30, 2023."

However, since the appeal is pending in Supreme Court of Pakistan, the Pension Fund Manager has made a provision of FED on remuneration of the Pension Fund Manager, aggregating to Rs. 0.763 million, Rs. 0.878 million and Rs. 0.836 million (June 30, 2022: Rs. 0.763 million, Rs. 0.878 million and Rs. 0.836 million), for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively. Had the provision not been made, the Net Assets Value per unit of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2023 would have been higher by Rs. 4.01, Rs. 0.64 and Rs. 0.29 (June 30, 2022: Rs. 1.79 Rs. 0.70 and Rs. 0.43) per unit respectively

## 13. CONTRIBUTION TABLE

Contributions received during the year are as follows:

	2023							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
<b>From:</b>								
<b>Individuals</b>	<b>63,028</b>	<b>19,123</b>	<b>597,480</b>	<b>153,674</b>	<b>1,798,100</b>	<b>398,593</b>	<b>2,458,608</b>	<b>571,390</b>

  

	2022							
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	
	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000	Units	Rupees in '000
<b>From:</b>								
<b>Individuals</b>	<b>405,716</b>	<b>152,166</b>	<b>1,602,250</b>	<b>364,745</b>	<b>2,470,843</b>	<b>488,306</b>	<b>4,478,809</b>	<b>1,005,217</b>

## 14. NUMBER OF UNITS IN ISSUE

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Number)				(Number)			
Opening units in issue	426,826	1,247,541	1,957,660	3,632,027	490,664	888,556	1,393,395	2,772,615
Units issued during the year	63,028	597,480	1,798,100	2,458,608	405,716	1,602,250	2,470,843	4,478,809
Units redeemed during the year	(232,653)	(446,149)	(994,059)	(1,672,861)	(491,222)	(1,219,835)	(1,892,899)	(3,603,956)
Reallocation during the year	(66,940)	(36,670)	136,558	32,948	21,668	(23,430)	(13,679)	(15,441)
<b>Total units in issue at the end of the year</b>	<b>190,261</b>	<b>1,362,202</b>	<b>2,898,259</b>	<b>4,450,722</b>	<b>426,826</b>	<b>1,247,541</b>	<b>1,957,660</b>	<b>3,632,027</b>

## 15. MARK-UP / RETURN ON INVESTMENTS

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)				(Rupees in '000)			
Mark-up / return on:								
Government securities								
- Market treasury bills	-	6,178	35,176	41,354	-	1,844	2,332	4,176
- Pakistan investment bonds	-	6,123	17,161	23,284	-	1,812	-	1,812
- GOP Ijarah Sukuk	-	5,695	-	5,695	-	-	-	-
Term finance certificates and sukuk bonds	-	12,895	13,691	26,586	-	3,590	2,116	5,706
Commercial papers	-	624	477	1,101	-	1,280	1,740	3,020
	-	<b>31,515</b>	<b>66,505</b>	<b>98,020</b>	-	<b>8,526</b>	<b>6,188</b>	<b>14,714</b>

16. AUDITORS' REMUNERATION

	2023				2022			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Statutory audit fee	2	85	160	247	60	70	80	210
Half yearly review fee	-	40	75	115	25	32	29	86
Out of pocket expenses	-	12	23	35	8	11	11	30
Sindh Sales Tax	1	11	21	33	8	9	10	27
	<b>3</b>	<b>148</b>	<b>279</b>	<b>430</b>	<b>101</b>	<b>122</b>	<b>130</b>	<b>353</b>

17. TAXATION

No provision for taxation for the year ended June 30, 2023 has been made in view of the exemption available under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

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

18. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2023 and June 30, 2022.

19. TRANSACTIONS/BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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

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

Remuneration payable to Pension Fund Manager and Trustee is determined in accordance with the provisions of the Voluntary Pension System Rules, 2005 and the Trust Deed respectively.

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

19.1 Transactions during the year

		2023				2022			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
		(Rupees in '000)							
<b>HBL Asset Management Limited - Pension Fund Manager</b>									
Management remuneration including Sindh Sales Tax thereon		1,265	3,034	4,227	8,526	4,341	2,897	3,706	10,944
<b>Habib Bank Limited - Sponsor</b>									
Units redeemed	Units	122,239	-	-	122,239	80,838	-	-	80,838
Amount of units redeemed		37,955	-	-	37,955	26,000	-	-	26,000
Bank charges		27	20	24	71	26	18	22	66
Profit on bank deposits earned		103	2,310	3,674	6,087	183	3,059	8,805	12,047
<b>Directors and their relatives</b>									
Reallocation of units	Units	-	-	-	-	1,300	(1,815)	(348)	(863)
Amount of units reallocated		-	-	-	-	481	(412)	(69)	-
Units redeemed	Units	-	-	-	-	114	233	760	1,107
Amount of units redeemed		-	-	-	-	43	53	149	245
Issuance of units	Units	3,393	-	-	-	-	-	-	-
Amount of units issued		1,000	-	-	-	-	-	-	-

	2023				2022				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
(Rupees in '000)									
<b>Executives and their relatives</b>									
Issuance of units	Units	-	-	61,538	61,538	12	-	-	12
Amount of units issued		-	-	14,000	14,000	5	-	-	5
Units redeemed	Units	2,098	2,226	846	5,170	-	-	-	-
Amount of units redeemed		646	614	190	1,450	-	-	-	-
Reallocation of units	Units	-	-	-	-	119	(195)	-	(76)
Amount of units reallocated		-	-	-	-	44	(44)	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>									
Trustee's Remuneration including Sindh Sales Tax thereon		117	512	858	1,487	331	373	514	1,218
Central Depository System charges		-	7	7	14	27	7	7	41
<b>Directors of connected persons</b>									
Units issued	Units	-	-	-	-	853	777	55,290	56,920
Amount of units issued		-	-	-	-	319	172	10,814	11,305
Units reallocated	Units	-	-	-	-	56	(91)	-	(35)
Amount of units reallocated		-	-	-	-	21	(21)	-	-

## 19.2 Balances outstanding as at year end

<b>HBL Asset Management Limited - Pension Fund Manager</b>									
Management remuneration payable		69	429	803	1,301	364	173	154	691
Sindh Sales Tax payable		9	56	104	169	47	22	20	89
<b>Habib Bank Limited - Sponsor</b>									
Units held	Units	-	-	-	-	122,239	-	-	122,239
Amount of units held		-	-	-	-	38,214	-	-	38,214
Bank balances		1,129	17,060	21,595	39,784	2,396	228,741	358,548	589,685
<b>Directors and Executives of the Pension Fund Manager and their relatives</b>									
<b>Directors and their relatives</b>									
Units held	Units	18,930	51,524	19,729	90,183	15,537	51,524	19,729	86,790
Amount of units held		5,708	14,358	4,795	24,861	4,863	12,160	4,064	21,087
<b>Executives and their relatives</b>									
Units held	Units	-	-	60,692	60,692	2,098	2,226	-	4,324
Amount of units held		-	-	14,752	14,752	657	525	-	1,182
<b>Directors of Connected Persons</b>									
Units held	Units	1,727	1,514	138,659	141,900	1,727	1,514	138,659	141,900
Amount of units held		521	422	33,702	34,645	541	357	28,546	29,444
<b>Central Depository Company of Pakistan Limited - Trustee</b>									
Trustee's remuneration payable		10	48	88	146	22	38	54	114
Sindh Sales Tax payable		1	6	11	18	3	5	7	15
Security Deposit receivable		100	100	100	300	100	100	100	300

## 20. FINANCIAL INSTRUMENTS BY CATEGORY

	2023												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total
	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total	Total
(Rupees in '000)													
<b>Financial assets</b>													
Bank balances	2,864	-	-	2,864	130,298	-	-	130,298	37,880	-	-	37,880	171,042
Investments	-	-	52,645	52,645	-	-	243,711	243,711	-	-	-	658,530	954,886
Dividend and profit / markup receivable	55	-	-	55	7,110	-	-	7,110	11,367	-	-	11,367	18,532
Deposits and other receivables	2,739	-	-	2,739	133	-	-	133	145	-	-	145	3,017
	5,658	-	52,645	58,303	137,541	-	243,711	381,252	49,392	-	-	658,530	707,922
													1,147,477

**Financial liabilities**

Payable to HBL Asset Management Limited - Pension Fund Manager	69	-	-	69	429	-	-	429	803	-	-	803	1,301
Payable to Central Depository Company of Pakistan Limited - Trustee	10	-	-	10	48	-	-	48	88	-	-	88	146
Accrued expenses and other liabilities	120	-	-	120	772	-	-	772	1,513	-	-	1,513	2,405
	199	-	-	199	1,249	-	-	1,249	2,404	-	-	2,404	3,852

	2022												
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total
	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or	Total	At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or	Total	
<b>Financial assets</b>													
Bank balances	3,321	-	-	3,321	229,087	-	-	#####	358,775	-	-	358,775	591,183
Investments	-	-	127,901	127,901	-	-	60,896	60,896	-	-	37,522	37,522	226,319
Dividend and profit receivable	144	-	-	144	5,809	-	-	5,809	7,818	-	-	7,818	13,771
Deposits and other receivables	3,368	-	-	3,368	100	-	-	100	100	-	-	100	3,568
	6,833	-	127,901	134,734	234,996	-	-	60,896	#####	366,693	-	37,522	404,215
834,841													

**Financial liabilities**

Payable to HBL Asset Management Limited - Pension Fund Manager	364	-	-	364	173	-	-	173	154	-	-	154	691
Payable to Central Depository Company of Pakistan Limited - Trustee	22	-	-	22	38	-	-	38	54	-	-	54	114
Accrued expenses and other liabilities	101	-	-	101	77	-	-	77	98	-	-	98	276
	487	-	-	487	288	-	-	288	306	-	-	306	1,081

## 21. FINANCIAL RISK MANAGEMENT

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

### 21.1 Market risk

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

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

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

#### 21.1.1 Currency risk

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

#### 21.1.2 Interest rate risk

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

**a) Cash flow interest rate risk**

The Equity Sub Fund holds balance in savings accounts that expose Fund to cash flow interest rate risk as at June 30, 2023. The net income for the year would have increased / (decreased) by Rs. 0.03 million (June 30 2022: Rs. 0.03 million) of Equity Sub-Fund, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

The Debt Sub Fund and Money Market Sub Funds hold balance in savings accounts and KIBOR based interest bearing term finance certificate, corporate sukuk bonds and Pakistan Investment Bonds FRB that expose Fund to cash flow interest rate risk as at June 30, 2023. The net income for the year would have increased / (decreased) by Rs. 2.06 & 3.65 million (June 30 2022: Rs. 2.74 & 3.84 million) of Debt Sub-Fund and Money market Sub-Fund respectively, had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

**b) Fair value interest rate risk**

As at June 30, 2022, the Debt Sub-Fund and Money Market Sub-Fund does not holds any instrument that expose the Fund to fair value interest rate risk.

As at June 30, 2023, the Debt Sub-Fund and Money Market Sub-Fund Investments in market treasury bills and GoP Ijarah Sukuk has exposed the Fund to fair value interest rate risk.

In case of 100 basis points increase / (decrease) in rates announced by Financial Market association of Pakistan on June 30, 2023, with all other variables held constant, the net assets of the Debt Sub-Fund and Money Market Sub-Fund would have been higher / (lower) by Rs. 1.69 and 3.31 million respectively (June 30, 2022: Rs. 0.16 and 0.13 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

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

	2023																	
	Equity Sub-Fund				Debt Sub-Fund				Money Market Sub-Fund				Total					
	Effective Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	Effective Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months and up to one year	More than three months and up to one year	More than one year				Upto three months and up to one year	More than three months and up to one year	More than one year				Upto three months and up to one year	More than three months and up to one year	More than one year		
	(%)	(Rupees in '000)				(%)	(Rupees in '000)				(%)	(Rupees in '000)						
<b>On-balance sheet financial instruments</b>																		
<b>Financial assets</b>																		
Bank balances	10 %-21.85 %	2,864	-	-	2,864	10 %-21.85 %	130,298	-	-	130,298	10 %-21.85 %	37,880	-	-	37,880	171,042		
Investments in Equity Listed securities		-	-	52,645	52,645		-	-	-	-		-	-	-	-	52,645		
Investments - Government securities		-	-	-	-	14.71 %-22 %	-	169,041	-	169,041	15.08 %-22 %	-	565,530	-	565,530	734,571		
Investment in TFC and sukuk bonds		-	-	-	-	KIBOR plus 0.5% to 3%	-	74,670	-	74,670	KIBOR plus 0.5% to 1%	-	93,000	-	93,000	167,670		
Dividend and profit / markup receivable		-	-	55	55		-	-	7,110	7,110		-	-	11,367	11,367	18,532		
Deposits and other receivables		-	-	2,739	2,739		-	-	133	133		-	-	145	145	3,017		
		2,864	-	55,439	58,303		130,298	243,711	7,243	381,252		37,880	658,530	11,512	707,922	1,147,477		
<b>Financial liabilities</b>																		
Payable to HBL Asset Management Limited - Pension Fund Manager		-	-	69	69		-	-	429	429		-	-	803	803	1,301		
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	10	10		-	-	48	48		-	-	88	88	146		
Accrued expenses and other liabilities		-	-	120	120		-	-	772	772		-	-	1,513	1,513	2,405		
		-	-	199	199		-	-	1,249	1,249		-	-	2,404	2,404	3,852		
<b>On-balance sheet gap (a)</b>		2,864	-	55,240	58,104		130,298	243,711	5,994	380,003		37,880	658,530	9,108	705,518	1,143,625		
<b>Off-balance sheet financial instruments</b>		-	-	-	-		-	-	-	-		-	-	-	-	-		
<b>Off-balance sheet gap (b)</b>		-	-	-	-		-	-	-	-		-	-	-	-	-		
<b>Total interest rate sensitivity gap (a) + (b)</b>		2,864	-	-	-		130,298	243,711	-	-		37,880	658,530	-	-	-		
<b>Cumulative interest rate sensitivity gap</b>		2,864	2,864	-	-		130,298	374,009	-	-		37,880	696,410	-	-	-		

### **.3 Other market price risk**

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

"The Pension Fund Manager's strategy on the management of investment risk is driven by the Fund's investment objective. The Fund's market risk is managed on a daily basis by the Pension Fund Manager in accordance with the policies and procedures laid down by the SECP. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP."

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

"The net assets of the Fund will increase / decrease by approximately Rs. 2.63 million (June 30, 2022: Rs. 6.40 million) if the prices of equity vary due to increase / decrease in the PSX 100 index. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the PSX 100 index and that the PSX 100 index increases / decreases by 5% with all other factors held constant. "

The Pension Fund Manager uses the PSX 100 index as a reference point in making investment decisions. However, the Pension Fund Manager does not manage the Fund's investment strategy to track the PSX 100 index or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at 30 June 2023 and the historical correlation of the securities comprising the portfolio of the PSX 100 index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2023 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of the PSX 100 Index.

### **21.2 Credit risk**

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

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

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



	Rating Agency	Rating	2022			
			Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)						
Bank balances						
<b>Term finance certificates and sukuk bonds by rating category</b>						
Bank of Punjab	PACRA	A-1+	-	6,010	-	6,010
Bank Alfalah Limited	PACRA	A-1+	-	11,060	-	11,060
Hub Power Company Limited - 270422	PACRA	A-1+	-	5,000	-	5,000
Pak Electron Limited	PACRA	A-1	-	11,925	-	11,925
OBS AGP	VIS	A+	-	2,010	-	2,010
TPL Trakker Limited	PACRA	A-2	-	3,350	-	3,350
Jahangir Siddiqui and Company Limited	PACRA	A-1+	-	5,165	-	5,165
K-Electric Limited	PACRA	A-1+	-	-	25,000	25,000
			-	44,520	25,000	69,520
Investment in commercial paper						
China Power Hub Generation Company	PACRA	A-1+	-	16,376	12,522	28,898
Dividend and profit receivable			144	4,670	7,056	11,870
Deposits			2,600	100	100	2,800
<b>Total</b>			<b>6,065</b>	<b>294,753</b>	<b>403,453</b>	<b>704,271</b>

### Concentration of credit risk

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

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

	2023					
	Equity Sub-Fund	%	Debt Sub-Fund	%	Money Market Sub-Fund	%
(Rupees in '000)						
Commercial banks	2,912	51.53%	132,197	63.86%	40,449	30.28%
Commercial banks (Investment in sukuk certificate)	-	0.00%	30,929	14.94%	-	0.00%
Multiutilities (investment in sukuk certificate)	-	0.00%	38,000	18.36%	93,000	69.61%
Miscellaneous (investment in sukuk certificate)	-	0.00%	5,741	2.77%	-	0.00%
Central Depository Company of Pakistan - security deposit	100	1.77%	100	0.05%	100	0.07%
National Clearing Company of Pakistan Limited - security deposit	2,500	44.24%	-	0.00%	-	0.00%
Receivable against sale of Investment	110	1.95%	-	0.00%	-	0.00%
Receivable from Pension Fund Manager	29	0.51%	33	0.02%	45	0.03%
	<b>5,651</b>	<b>100%</b>	<b>207,000</b>	<b>100%</b>	<b>133,594</b>	<b>100%</b>
2022						
	Equity Sub-Fund	%	Debt Sub-Fund	%	Money Market Sub-Fund	%
(Rupees in '000)						
Commercial banks	3,465	57%	233,757	79%	365,831	91%
Commercial papers	-	0%	16,376	6%	12,522	3%
Commercial banks (Investment in sukuk certificate)	-	0%	17,070	6%	-	0%
Multiutilities (Investment in sukuk certificate)	-	0%	5,000	2%	25,000	6%
Fertilizers (Investment in sukuk certificate)	-	0%	-	0%	-	0%
Miscellaneous (Investment in sukuk certificate)	-	0%	22,450	8%	-	0%
Central Depository Company of Pakistan - security deposit	100	2%	100	0%	100	0%
National Clearing Company of Pakistan Limited - security deposit	2,500	41%	-	0%	-	0%
	<b>6,065</b>	<b>100%</b>	<b>294,753</b>	<b>101%</b>	<b>403,453</b>	<b>100%</b>

## Settlement risk

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

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

## 21.3 Liquidity risk

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

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

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

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

	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Total
	Carrying amount	Less than 1 month	Within 3 months	Carrying amount	Less than 1 month	Within 3 months	Carrying amount	Less than 1 month	Within 3 months	
June 30, 2023	(Rupees in '000)									
<b>Financial Liabilities</b>										
Payable to HBL Asset Management Limited - Pension Fund Manager	69	69	-	429	429	-	803	803	-	1,301
Payable to Central Depository Company of Pakistan Limited - Trustee	10	10	-	48	48	-	88	88	-	146
Accrued expenses and other liabilities	120	120	-	772	772	-	1,513	1,513	-	2,405
	<b>199</b>	<b>199</b>	<b>-</b>	<b>1,249</b>	<b>1,249</b>	<b>-</b>	<b>2,404</b>	<b>2,404</b>	<b>-</b>	<b>3,852</b>
June 30, 2022	(Rupees in '000)									
<b>Financial Liabilities</b>										
Payable to HBL Asset Management Limited - Pension Fund Manager	364	364	-	173	173	-	154	154	-	691
Payable to the Trustee	22	22	-	38	38	-	54	54	-	114
Accrued expenses and other liabilities	101	101	-	77	77	-	98	98	-	276
	<b>487</b>	<b>487</b>	<b>-</b>	<b>288</b>	<b>288</b>	<b>-</b>	<b>306</b>	<b>306</b>	<b>-</b>	<b>1,081</b>

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

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

## **22. PARTICIPANTS' FUNDS RISK MANAGEMENT (CAPITAL RISK)**

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

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

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

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

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

## **23. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

Held by Equity sub-fund								
2023								
Note	Carrying amount			Fair Value				
	At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
<b>Financial assets measured at fair value</b>								
	Listed equity securities	52,645	-	52,645	52,645	-	-	52,645
<b>Financial assets not measured at fair value</b>								
23.1	Bank balances	-	2,864	2,864	-	-	-	-
	Dividend and profit receivable	-	55	55	-	-	-	-
	Deposits and other receivables	-	2,739	2,739	-	-	-	-
		-	5,658	5,658	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
23.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	69	69	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	10	10	-	-	-	-
	Accrued expenses and other liabilities	-	120	120	-	-	-	-
		-	199	199	-	-	-	-
Held by Equity sub-fund								
2022								
Note	Carrying Amount			Fair Value				
	At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
<b>Financial assets measured at fair value</b>								
	Listed equity securities	127,901	-	127,901	127,901	-	-	127,901
		127,901	-	127,901	127,901	-	-	127,901
<b>Financial assets not measured at fair value</b>								
23.1	Bank balances	-	3,321	3,321	-	-	-	-
	Dividend and profit receivable	-	144	144	-	-	-	-
	Deposits and other receivables	-	3,368	3,368	-	-	-	-
		-	6,833	6,833	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
23.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	364	364	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	22	22	-	-	-	-
	Accrued expenses and other liabilities	-	101	101	-	-	-	-
		-	487	487	-	-	-	-
Held by Debt sub-fund								
2023								
Note	Carrying Amount			Fair Value				
	At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
<b>Financial assets measured at fair value</b>								
23.4	Investments- Term finance certificates and sukuk bonds	74,670	-	74,670	-	72,234	2,436	74,670
	Investments- Market treasury bills	13,436	-	13,436	-	13,436	-	13,436
	Investments- GOP Ijarah Sukuk	155,605	-	155,605	155,605	-	-	155,605
		243,711	-	243,711	155,605	85,670	2,436	243,711
<b>Financial assets not measured at fair value</b>								
23.1	Bank balances	-	130,298	130,298	-	-	-	-
	Dividend and profit receivable	-	7,110	7,110	-	-	-	-
	Deposits and other receivables	-	133	133	-	-	-	-
		-	137,541	137,541	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
23.1	Payable to HBL Asset Management Limited - Pension Fund Manager	-	429	429	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	48	48	-	-	-	-
	Accrued expenses and other liabilities	-	772	772	-	-	-	-
		-	1,249	1,249	-	-	-	-

Held by Debt sub-fund								
2022								
Note	Carrying Amount			Fair Value				
	At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
<b>Financial assets measured at fair value</b>								
Investments- Term finance certificates and sukuk bonds	23.4	44,520	-	44,520	-	44,520	-	44,520
Investments-Commercial Papers	23.3	16,376	-	16,376	-	-	16,376	16,376
		60,896	-	60,896	-	44,520	16,376	60,896
<b>Financial assets not measured at fair value</b>								
Bank balances	23.1	-	229,087	229,087	-	-	-	-
Dividend and profit receivable		-	5,809	5,809	-	-	-	-
Deposits and other receivables		-	100	100	-	-	-	-
		-	234,996	234,996	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Payable to HBL Asset Management Limited - Pension Fund Manager	23.1	-	173	173	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	38	38	-	-	-	-
Accrued expenses and other liabilities		-	77	77	-	-	-	-
		-	288	288	-	-	-	-

Held by Money Market sub-fund								
2023								
Note	Carrying Amount			Fair Value				
	At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
<b>Financial assets measured at fair value</b>								
Investments- Term finance certificates and sukuk bonds	23.4	93,000	-	93,000	-	93,000	-	93,000
Investments - Pakistan investment bonds - FRB		234,436	-	234,436	234,436	-	-	234,436
Investments- Market treasury bills		331,094	-	331,094	-	331,094	-	331,094
		658,530	-	658,530	234,436	424,094	-	658,530
<b>Financial assets not measured at fair value</b>								
Bank balances	23.1	-	37,880	37,880	-	-	-	-
Dividend and profit receivable		-	11,367	11,367	-	-	-	-
Deposits and other receivables		-	145	145	-	-	-	-
		-	49,392	49,392	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Payable to HBL Asset Management Limited - Pension Fund Manager	23.1	-	803	803	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	88	88	-	-	-	-
Accrued expenses and other liabilities		-	1,513	1,513	-	-	-	-
		-	2,404	2,404	-	-	-	-

Held by Money Market sub-fund								
2022								
Note	Carrying Amount			Fair Value				
	At fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
<b>Financial assets measured at fair value</b>								
Investments- corporate sukuk bonds	23.4	25,000	-	25,000	-	25,000	-	25,000
Investments- Commercial papers	23.3	12,522	-	12,522	-	-	12,522	12,522
		37,522	-	37,522	-	25,000	12,522	37,522
<b>Financial assets not measured at fair value</b>								
Bank balances	23.1	-	358,775	358,775	-	-	-	-
Dividend and profit receivable		-	7,818	7,818	-	-	-	-
Deposits and other receivables		-	100	100	-	-	-	-
		-	366,693	366,693	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Payable to HBL Asset Management Limited - Pension Fund Manager	23.1	-	154	154	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	54	54	-	-	-	-
Accrued expenses and other liabilities		-	98	98	-	-	-	-
		-	306	306	-	-	-	-

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

23.2 There were no transfers between above levels during the year

- 23.3 The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.
- 23.4 For level 2 investments at fair value through profit or loss - investment in respect of corporate sukuk bonds, Fund uses rates which are prescribed by MUFAP at reporting date in accordance with the methodology prescribed by SECP vide its circular no. 1 of 2009 dated January 6, 2009 and circular no. 33 of 2012 dated October 24, 2012 at reporting date.
- 23.5 During the year ended June 30, 2023, there is a transfer between levels of fair value measurements of corporate sukuk bond of TPL Trakker Limited, as management has applied Discretionary rates at reporting date in accordance with the methodology prescribed by SECP vide its circular no. 33 of 2012 dated October 24, 2012 at reporting date.

## 24. FINANCIAL PERFORMANCE

### Equity sub-fund

	Equity Sub-Fund					
	2023 (Rupees in '000)	2022	Change (%)	2021	2020 (Rupees in '000)	2019
Net income for the year before taxation	(1,914)	(61,206)	(96.87)	61,820	7,999	(35,655)
Net (loss) / gain on sale of investments	(3,849)	(35,591)	(89.19)	37,698	4,767	(15,488)
Net unrealised gain / (loss) on revaluation of investments classified as financial assets at fair value through profit or loss	(1,092)	(33,180)	(96.71)	21,284	(3,813)	(27,404)
Dividend income / Mark-up income on bank deposits	6,005	10,565	(43.16)	9,712	11,980	12,844
Transactions in securities						
Purchases	300,297	191,861	56.52	287,266	252,367	252,367
Sales	370,611	203,924	81.74	332,123	261,135	261,135
Amount received on issuance of units	19,123	152,166	(87.43)	178,258	38,004	79,979
Net assets value per unit	301.5172	312.6181	(3.55)	433.3512	324.3643	315.2585

### Debt sub-fund

	Debt Sub-Fund					
	2023 (Rupees in '000)	2022	Change (%)	2021	2020 (Rupees in '000)	2019
Net income for the year before taxation	50,279	21,001	139.41	9,015	31,334	11,861
Net (loss) / gain on sale of investments	212	(562)	(137.72)	(4,859)	5,408	418
Net unrealised (loss) / gain on revaluation of investments classified as financial assets at fair value through profit or loss	(111)	(677)	(83.60)	965	9,045	(248)
Mark-up income on bank deposits / Mark-up on investments	54,059	24,298	122.48	16,939	21,014	14,824
Transactions in securities						
Purchases	3,467,110	669,517	417.85	1,003,505	2,107,769	2,107,769
Sales	3,065,174	683,247	348.62	806,038	1,984,594	1,984,594
Amount received on issuance of units	153,674	364,745	(57.87)	281,762	83,229	44,698
Net assets value per unit	278.6710	236.4216	17.87	215.5798	205.9216	171.9703

### Money market sub-fund

	Money Market Sub-Fund					
	2023 (Rupees in '000)	2022	Change (%)	2021	2020 (Rupees in '000)	2019
Net income for the year before taxation	85,568	30,186	183.47	9,473	13,548	11,174
Net gain / (loss) on sale of investments	(433)	61	(809.84)	(42)	172	35
Net unrealised gain / (loss) on revaluation of investments classified as financial assets at fair value through profit or loss	(334)	-	100.00	49	22	-
Mark-up income on bank deposits / Mark-up on investments	91,968	33,742	172.56	13,249	16,110	13,929
Transactions in securities						
Purchases	12,565,964	1,826,892	587.83	1,286,083	2,426,778	2,426,778
Sales	9,380,252	1,824,483	414.13	749,310	2,161,638	2,161,638
Amount received on issuance of units	398,593	488,306	(18.37)	401,535	38,700	71,280
Net assets value per unit	243.0594	205.8763	18.06	186.9322	177.6024	158.7278

Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
2023	2022	2023	2022	2023	2022

### 24.1 Highest and lowest issue price of units during the year

Highest issue price	328.9969	439.2861	278.6710	236.4216	243.0594	205.8763
Lowest issue price	276.2958	310.8269	236.8301	215.7170	206.2525	186.9957

**25. TOTAL EXPENSE RATIO**

In accordance with the S.R.O 1068 (I) / 2021 dated August 23, 2021 issued by the Securities and Exchange Commission of Pakistan (SECP), the total expense ratio of the Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund for the year ended June 30, 2023 is 4.33%, 1.29% and 1.12% (June 30, 2022: 3.45%, 1.83% and 1.50%) respectively which includes 0.45%, 0.18% and 0.16% (June 30, 2022: 0.38%, 0.22% and 0.16%) respectively representing Government levy and SECP fee.

**26. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 25 August 2023.

**27. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**For HBL Asset Management Limited  
(Pension Fund Manager)**

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**Chief Financial Officer**

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**Chief Executive Officer**

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**Director**