

**HBL**

**ASSET MANAGEMENT LTD.**  
**ايسيت مينجمنت لميٽڊ**

HBL Pension Fund

**Quarterly Report**  
**March 31, 2017**  
(Un- Audited)

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## FUND AND CORPORATE INFORMATION

### Management Company HBL Asset Management Limited.

#### Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Farid Ahmed Khan	(Executive Director & CEO)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

#### Audit Committee

Chairman	Mr. Nadeem Abdullah	(Independent Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Ms. Ava Ardeshir Cowasjee	(Independent Non-Executive Director)

#### Human Resource Committee

Chairperson	Mr. Towfiq Habib Chinoy	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

#### Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Farid Ahmed Khan	(Executive Director & CEO)

#### Company Secretary & Chief Financial Officer

Mr. Noman Qurban

#### External Auditors

Deloitte Yousuf Adil,  
Member of Deloitte Touch Tohmastu Limited  
Cavish Court, A-35, block 7 & 8 KCHSU,  
Shahra-e-Faisal, Karachi-75350, Pakistan

#### Internal Auditors

Ernst Young Rhodes Sidat Hyder  
Progressive Plaza, Beamont Road, 75530,  
Karachi, Pakistan.

#### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House,99- B, Block "B" ,S.M.C.H.S, Main Shahra-e-Faisal, Karachi

#### Bankers

Habib Bank Limited  
Bank Al-Habib Limited  
MCB Bank Limited  
Habib Metropolitan Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Allied Bank Limited  
Soneri Bank Limited  
NIB Bank Limited  
JS Bank Limited  
Zarai Taraqiati Bank Limited  
Meezan bank Limited

#### Legal Advisors

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

#### Website

www.hblasset.com

#### Head Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

#### Registered Office

24-C, Khayaban-e-Hafiz, Phase VI, D.H.A., Karachi.

## **REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENET COMPANY FOR THE QUARTER ENDED MARCH 31, 2017**

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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 quarter ended March 31, 2017.

### **MARKET REVIEW**

#### **Economic & Money Market Review**

Pakistan's economic performance in 9MFY17 continued to post an improvement compared to the year before, albeit at a slower pace. Large-scale manufacturing (LSM) growth came in at 3.5% (7MFY17) vs. 4.5% in the same period last year, mainly due to slower growth in the textile, petroleum products, and automobile sectors. CPI inflation, though historically still very low, has surged to 4.0% in 9MFY17 compared to 2.6% in the same period last year; higher fuel and food prices were the primary contributors to acceleration in inflation. Pakistan's fiscal deficit shown a marked deterioration in 1HFY17 where the fiscal deficit-to-GDP ratio has risen to 2.4% from 1.7% in the comparable period last year due to meagre growth of 6.2% in tax revenues which could not keep pace with a 15.7% increase in development spending and 10.9% increase in defence spending. Concerns on the external accounts position have re-emerged as the current account deficit for 8MFY17 has increased to 2.6% of GDP vs. 1.3% in the same period last year on the back of falling textile exports, rising oil & machinery imports, and a decline in foreign remittance inflow especially from the Middle East. Foreign exchange reserves fell by 6.7% FY17TD; nevertheless, the SBP's foreign exchange reserves provide adequate import cover of 4.2 months, thus fending off any concerns of a major devaluation in the USDPKR rate. Challenges posed by the twin-deficit situation are likely to linger, however, with adequate support from strategic regional economies, the Pakistani economy looks set to overcome these. With GDP growth expected to accelerate to 5.0% this year, inflation likely to remain comfortably in single-digits, and pro-growth policy action in the run-up to general elections next year, Pakistan's economic outlook is positive.

The last GoP Ijara Sukuk auction was held in March 2016, and since then there has been no auction conducted, largely due to the lack of a suitable asset to back the issue. As a result, of this shortage of Shariah compliant investments, yields on the Ijara Sukuks continue to be unappealing to investors. However, during 3QFY17, some corporate Sukuks were brought to market, which were well-received by investors. The yield curve has steepened during the period as secondary market yields on 3, 5 and 10-year PIBs have increased by 46, 53 and 73 bps respectively. Meanwhile, yields on the 3, 6 and 12-month T-Bills rose by 9, 15 and 12 bps respectively. The SBP raised PKR 773 billion through PIBs compared to the cumulative target of PKR 650 billion and maturities of PKR 1.90 trillion. All PIB auctions held during 2QFY17 were scrapped. However, following the release of below-expected CPI data for the month of December 2016, the market anticipated that there would be no major hike in the discount rate, and thus placed bids at appropriate levels. The 5 and 10-year PIB cutoffs declined by 1 and 8 bps respectively FY17TD whereas the 3-year PIB cutoff remained unchanged. The large maturity of PIBs resulted in a net retirement of PKR 194 billion of government borrowing from commercial banks in FY17 till 24 March 2017, while government borrowing from the SBP came in at PKR 933 billion during the period vs. a net retirement of PKR 492 billion in the same period last year. Through T-Bills, the SBP raised PKR 5.67 trillion compared to the cumulative target of PKR 5.21 trillion and maturities of PKR 4.73 trillion. Going forward, it seems that the SBP is likely to continue its status-quo stance on monetary policy for longer than the market had expected, which will keep the market divided as to the timing of the first change in the policy rate.

#### **Stock Market Review**

Driven by strong inflow of domestic liquidity, rising oil prices and higher policy rate expectations, the KSE100 and the KMI30 Indices surged by 27.5% and 23.7% respectively in 9MFY17. However, most of the gains for the fiscal year were concentrated in the first half of the year and political turmoil and regulatory action stifled market performance in 3QFY17. Mutual funds emerged as the largest net buyers of USD 419 million, followed by insurance firms (USD 152 million) and companies (USD 131 million). This strong buying by local institutional investors was sufficient to absorb the steady selling of foreign investors, who offloaded USD 483 million of Pakistani equities. The rally was driven mainly by the banking sector, where investors expected that interest rates had bottomed-out, and selected scrips in the E&P, cement and fertilizer sectors which were expected to benefit from higher oil prices, strong growth in volumetric sales and new investment projects respectively. On the flip side, selected scrips in the textile and pharmaceutical sectors were the main drags on the market's performance.

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Furthermore, average daily trading volume shares posted a sizable improvement of 84% Y/Y in 9MFY17 to 369 million shares, while average turnover increased by 68% Y/Y to PKR 15.3 billion. M&A and IPO activity also remained robust in the period, particularly in the food & personal care, cement and automobile parts sectors. Going forward, we expect the market to continue its upward trajectory, given that Pakistan is still trading at a sizable discount to its Emerging Market peers in terms of P/E multiples and dividend yield. These attractive valuations should act as a catalyst for inflows from foreign investors, adding to the anticipated inflow from passive Emerging Market Index funds. The recent acquisition of a 40% stake in the PSX by Chinese investors should also pave the way for the introduction of new products and greater visibility of the Pakistani market on the global stage. Over the longer term, the gathering momentum of the China-Pakistan Economic Corridor (CPEC) projects are likely to stimulate investment-led GDP growth which bodes well for Pakistan's equity market as well.

#### **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 total and net income of Rs. 52.95 million and Rs. 45.57 million respectively during the period ended March 31, 2017. The fund size increased from Rs 481.931 million as on June 30, 2016 to Rs. 556.146 million as at March 31, 2017 thereby showing a growth of 15.40 % during the period ended March 31, 2017. Performance review for each sub Fund is given below:

##### **EQUITY SUB-FUND**

During the period, the Equity sub-fund earned total and net income of Rs. 36.98 million and Rs 34.09 million respectively. The net assets of the Equity sub-fund was Rs. 224.506 million representing Net Asset Value (NAV) of Rs. 408.6793 per unit as at March 31, 2017. The Sub Fund earned a return of 27.50% for the period ended March 31, 2017. The Fund is invested to the extent of 99.74% in equities.

##### **DEBT SUB-FUND**

During the period, the Debt sub-fund earned total and net income of Rs. 9.078 million and Rs. 6.781 million respectively. The net assets of the Debt sub-fund was Rs. 177.947 million representing Net Asset Value (NAV) of Rs. 151.5966 per unit as at March 31, 2017. The Fund yielded annualized return of 4.17% for the period ended March 31, 2017. The Sub Fund is invested to the extent of 56.41% in Government securities.

##### **MONEY MARKET SUB-FUND**

During the period, the Money Market sub-fund earned total and net income of Rs. 6.889 million and Rs. 4.703 million respectively. The net assets of the Money Market sub-fund was Rs. 153.693 million representing Net Asset Value (NAV) of Rs. 139.6043 per unit as at March 31, 2017. An annualized return of 4.53% was earned by the Fund for the period ended March 31, 2017. The Fund has major investment to the extent of 26.24% in Government Securities.

#### **ACKNOWLEDGEMENT**

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

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

**For and on behalf of the Board**

**Karachi**

**Date: April 27, 2017**

**Farid Ahmed Khan  
Chief Executive Officer**

**HBL PENSION FUND**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT MARCH 31, 2017**

	March 31, 2017 (Un-Audited)				June 30, 2016 (Audited)				
	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>ASSETS</b>									
Bank balances	4	33,187	32,029	113,912	179,128	12,682	8,171	42,240	63,093
Investments	5	194,104	142,189	40,779	377,072	146,084	170,010	111,909	428,003
Dividend receivable and accrued mark-up		615	5,450	722	6,787	274	2,088	47	2,419
Advances, deposits, prepayments and other receivables		100	225	-	325	100	100	-	200
<b>Total assets</b>		<b>228,006</b>	<b>179,893</b>	<b>155,413</b>	<b>563,312</b>	<b>159,140</b>	<b>180,379</b>	<b>154,196</b>	<b>493,715</b>
<b>LIABILITIES</b>									
Payable to the Pension Fund Manager	6	301	254	220	775	217	254	215	686
Payable to Central Depository Company of Pakistan Limited - Trustee		30	25	22	77	21	25	21	67
Payable to the Securities and Exchange Commission of Pakistan		47	44	39	130	45	52	47	144
Accrued expenses and other liabilities	7	3,122	1,623	1,439	6,184	6,750	1,826	2,311	10,887
<b>Total liabilities</b>		<b>3,500</b>	<b>1,946</b>	<b>1,720</b>	<b>7,166</b>	<b>7,033</b>	<b>2,157</b>	<b>2,594</b>	<b>11,784</b>
<b>NET ASSETS</b>		<b>224,506</b>	<b>177,947</b>	<b>153,693</b>	<b>556,146</b>	<b>152,107</b>	<b>178,222</b>	<b>151,602</b>	<b>481,931</b>
<b>PARTICIPANTS' SUB-FUNDS (as per statement attached)</b>		<b>224,506</b>	<b>177,947</b>	<b>153,693</b>	<b>556,146</b>	<b>152,107</b>	<b>178,222</b>	<b>151,602</b>	<b>481,931</b>
<b>Contingencies and commitments</b>									
Number of units in issue	8	549,346	1,173,816	1,100,921	2,824,083	474,557	1,212,480	1,122,870	2,809,907
Net asset value per unit	9	408.6793	151.5966	139.6043		320.5217	146.9919	135.0112	

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

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

Chief Executive

Director

**HBL PENSION FUND**  
**CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF**  
**COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017**

Note	2017				2016			
	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>Income</b>								
Dividend income	5,192	-	-	5,192	3,683	-	-	3,683
Profit on bank deposits	383	557	1,518	2,458	267	89	145	501
Mark-up / return on investments	-	7,953	5,386	13,339	-	8,691	6,756	15,447
Capital gain on sale of investments - net	31,403	568	(15)	31,956	15,079	1,902	17	16,998
Unrealized appreciation in the market value of investments classified as fair value through profit or loss - held for trading	-	-	-	-	-	-	-	-
	<b>36,978</b>	<b>9,078</b>	<b>6,889</b>	<b>52,945</b>	<b>19,029</b>	<b>10,682</b>	<b>6,918</b>	<b>36,629</b>
<b>Expenses</b>								
Remuneration to the Pension Fund Manager	2,312	1,892	1,974	6,178	1,985	2,236	2,046	6,267
Remuneration of Central Depository Company of Pakistan Limited - Trustee	232	222	195	649	168	190	173	531
Annual fee to the Securities and Exchange Commission of Pakistan	46	43	38	127	33	38	34	105
Auditors' remuneration	84	94	74	252	75	75	75	225
Settlement and bank charges	8	4	4	16	26	13	9	48
	<b>2,682</b>	<b>2,255</b>	<b>2,285</b>	<b>7,222</b>	<b>2,287</b>	<b>2,552</b>	<b>2,337</b>	<b>7,176</b>
<b>Net income from operating activities</b>	<b>34,296</b>	<b>6,823</b>	<b>4,604</b>	<b>45,723</b>	<b>16,742</b>	<b>8,130</b>	<b>4,581</b>	<b>29,453</b>
Provision for Sindh Workers' Welfare Fund	11 (206)	(42)	99	(149)	-	-	-	-
<b>Net income for the period before taxation</b>	<b>34,090</b>	<b>6,781</b>	<b>4,703</b>	<b>45,574</b>	<b>16,742</b>	<b>8,130</b>	<b>4,581</b>	<b>29,453</b>
Taxation	12 -	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>	<b>34,090</b>	<b>6,781</b>	<b>4,703</b>	<b>45,574</b>	<b>16,742</b>	<b>8,130</b>	<b>4,581</b>	<b>29,453</b>
<b>Other comprehensive income for the period</b>								
<b>Items that may be reclassified subsequently to income statement:</b>								
Net unrealized appreciation / (diminution) in the market value of investments classified as available for sale	8,170	(1,769)	(15)	6,386	(16,375)	(23)	(59)	(16,457)
<b>Total comprehensive income for the period</b>	<b>42,260</b>	<b>5,012</b>	<b>4,688</b>	<b>51,960</b>	<b>367</b>	<b>8,107</b>	<b>4,522</b>	<b>12,996</b>

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

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

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

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

**HBL PENSION FUND**  
**CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF**  
**COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2017**

	2017				2016			
	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	1,357	-	-	1,357	1,402	-	-	1,402
Profit on bank deposits	143	449	907	1,499	86	19	24	129
Mark-up / return on investments	-	2,521	1,463	3,984	-	3,077	2,240	5,317
Capital gain on sale of investments - net	9,813	(45)	(16)	9,752	(2,967)	(153)	3	(3,117)
Unrealized appreciation in the market value of investments classified as fair value through profit or loss - held for trading	-	-	-	-	(128)	-	-	(128)
	<b>11,313</b>	<b>2,925</b>	<b>2,354</b>	<b>16,592</b>	<b>(1,607)</b>	<b>2,943</b>	<b>2,267</b>	<b>3,603</b>
Reversal of impairment loss into capital gain on investments - classified as available for sale	-	-	-	-	-	-	-	-
	<b>11,313</b>	<b>2,925</b>	<b>2,354</b>	<b>16,592</b>	<b>(1,607)</b>	<b>2,943</b>	<b>2,267</b>	<b>3,603</b>
<b>Expenses</b>								
Remuneration to the Pension Fund Manager	858	726	635	2,219	641	744	683	2,068
Remuneration of Central Depository Company of Pakistan Limited - Trustee	86	73	64	223	55	64	58	177
Annual fee to the Securities and Exchange Commission of Pakistan	17	14	12	43	10	13	11	34
Auditors' remuneration	25	25	24	74	24	25	25	74
Settlement and bank charges	-	-	-	-	-	-	-	-
	<b>986</b>	<b>838</b>	<b>735</b>	<b>2,559</b>	<b>730</b>	<b>846</b>	<b>777</b>	<b>2,353</b>
<b>Net income from operating activities</b>	<b>10,327</b>	<b>2,087</b>	<b>1,619</b>	<b>14,033</b>	<b>(2,337)</b>	<b>2,097</b>	<b>1,490</b>	<b>1,250</b>
Provision for Sindh Workers' Welfare Fund	23	(19)	99	103	-	-	-	-
<b>Net income for the period before taxation</b>	<b>10,350</b>	<b>2,068</b>	<b>1,718</b>	<b>14,136</b>	<b>(2,337)</b>	<b>2,097</b>	<b>1,490</b>	<b>1,250</b>
Taxation	-	-	-	-	-	-	-	-
<b>Net income for the period after taxation</b>	<b>10,350</b>	<b>2,068</b>	<b>1,718</b>	<b>14,136</b>	<b>(2,337)</b>	<b>2,097</b>	<b>1,490</b>	<b>1,250</b>
<b>Other comprehensive income for the period</b>								
Items that may be reclassified subsequently to income statement:								
Net unrealized appreciation / (diminution) in the market value of investments classified as available for sale	(8,045)	159	7	(7,879)	(6,886)	(443)	(54)	(7,383)
<b>Total comprehensive income for the period</b>	<b>2,305</b>	<b>2,227</b>	<b>1,725</b>	<b>6,257</b>	<b>(9,223)</b>	<b>1,654</b>	<b>1,436</b>	<b>(6,133)</b>

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

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

Chief Executive

Director



**HBL PENSION FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' FUNDS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	2017				2016			
	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) -----			
Net assets at beginning of the period	152,107	178,222	151,602	481,931	133,225	150,186	138,726	422,137
Amount received on issuance of units	10 50,280	20,482	24,925	95,687	13,677	19,443	13,739	46,859
Amount paid on redemption of units	(19,974)	(24,340)	(29,118)	(73,432)	(9,250)	(26,436)	(19,524)	(55,210)
Reallocation among sub-funds	(167)	(1,429)	1,596	-	(4,122)	1,505	2,617	-
Net income for the period	34,090	6,781	4,703	45,574	16,742	8,130	4,581	29,453
Net unrealized appreciation / (diminution) in the market value of securities classified as available for sale	8,170	(1,769)	(15)	6,386	(13,694)	1,380	(160)	(12,474)
Total comprehensive income for the period	42,260	5,012	4,688	51,960	3,048	9,510	4,421	16,979
Net assets at end of the period	224,506	177,947	153,693	556,146	136,578	154,208	139,979	430,765

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

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

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

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

**HBL PENSION FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2017**

Note	2017				2016			
	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 income for the period before taxation	34,090	6,781	4,703	45,574	16,742	8,130	4,581	29,453
<b>Adjustments for non-cash items:</b>								
Dividend income	(5,192)	-	-	(5,192)	(3,683)	-	-	(3,683)
Profit on deposits with bank	(383)	(557)	(1,518)	(2,458)	(267)	(89)	(145)	(501)
Mark-up / return on investments	-	(7,953)	(5,386)	(13,339)	-	(8,691)	(6,756)	(15,447)
Unrealized appreciation in the market value of investments classified as fair value through profit or loss - held for trading	-	-	-	-	(15,079)	(4,902)	(17)	(16,998)
Provision for Sindh Workers' Welfare Fund	206	42	99	347	(128)	-	-	(128)
	28,721	(1,687)	(2,102)	24,932	(2,415)	(2,552)	(2,337)	(7,304)
<b>(Increase) / decrease in assets</b>								
Investments - net	(39,850)	27,980	71,137	59,267	2,958	(8,717)	19,226	13,467
Advances, deposits, prepayments and other receivables	-	(125)	-	(125)	-	-	-	-
	(39,850)	27,855	71,137	59,142	2,958	(8,717)	19,226	13,467
<b>Increase / (decrease) in liabilities</b>								
Payable to the Pension Fund Manager	84	-	5	89	17	16	14	47
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	1	10	3	4	5	12
Payable to the Securities and Exchange Commission of Pakistan	2	(8)	(8)	(14)	(3)	(3)	(5)	(11)
Accrued expenses and other liabilities	(3,834)	(245)	(971)	(5,050)	308	340	328	976
	(3,739)	(253)	(973)	(4,965)	325	357	342	1,024
	(14,868)	25,915	68,062	79,109	868	(10,912)	17,231	7,187
Dividend income received	5,035	-	-	5,035	2,318	-	-	2,318
Mark-up income received	199	3,230	6,207	9,636	167	9,216	5,739	15,122
<b>Net cash (used in) / generated from operating activities</b>	<b>(9,634)</b>	<b>29,145</b>	<b>74,269</b>	<b>93,780</b>	<b>3,353</b>	<b>(1,696)</b>	<b>22,970</b>	<b>24,627</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Amount received on issue of units	50,280	20,482	24,925	95,687	13,677	19,443	13,739	46,859
Amount paid on redemption of units	(19,974)	(24,340)	(29,118)	(73,432)	(9,250)	(26,436)	(19,524)	(55,210)
Reallocation among Sub-Funds	(167)	(1,429)	1,596	-	(4,122)	1,505	2,617	-
<b>Net cash generated from / (used in) financing activities</b>	<b>30,139</b>	<b>(5,287)</b>	<b>(2,597)</b>	<b>22,255</b>	<b>305</b>	<b>(5,488)</b>	<b>(3,168)</b>	<b>(8,351)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>20,505</b>	<b>23,858</b>	<b>71,672</b>	<b>116,035</b>	<b>3,658</b>	<b>(7,184)</b>	<b>19,802</b>	<b>16,276</b>
Cash and cash equivalents at beginning of the period	12,682	8,171	42,240	63,093	9,950	9,281	10,124	29,355
<b>Cash and cash equivalents at end of the period</b>	<b>33,187</b>	<b>32,029</b>	<b>113,912</b>	<b>179,128</b>	<b>13,608</b>	<b>2,097</b>	<b>29,926</b>	<b>45,631</b>

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

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

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

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

## HBL PENSION FUND

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

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

HBL Pension Fund ("the Fund") was established under a Trust Deed, dated August 17, 2011, between HBL Asset Management Limited as the Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorized 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 24-C, Khayaban-e-Hafiz, Phase VI, D.H.A, 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 objective of the Fund is to provide individuals with a portable, individualized, funded and 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 are 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 may 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.
- 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. Composition of the remaining portion of the investments shall be as defined in the offering document.
- 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 the commercial banks having 'A+' rating provided that deposit with any one bank shall not exceed twenty (20%) of net assets. Investment in securities issued by provincial government, city government, government entity with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be made upto 10%, 5% and 5% and 5% of net assets of the Sub-Fund respectively.

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

The Pension Fund Manager also offers a HBL Monthly Pension Plan ("the Income Plan") to the participants of the Fund or any other approved pension fund, at the retirement date of participants. The Income Plan intends to provide investors a monthly income stream based on investment according to the investor's desired risk exposure, within the prescribed allocation limits.

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JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM2' (June 30, 2016: '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.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

**2.1.1** This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time, the provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the VPS Rules or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the VPS Rules or the directives issued by the SECP shall prevail.

**2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. However, this condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2016.

**2.1.3** This condensed interim financial information is being submitted to the participants as required under Regulation 7(f) of the VPS Rules.

### **2.2 Basis of measurement**

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

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

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

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

**3.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year, ended June 30, 2016.

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

**3.3** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2016.

3.4 Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 01, 2016. None of these amendments are expected to have a significant effect on this condensed interim financial information.

3.5 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2016.

4. BANK BALANCES

	March 31, 2017 (Un-Audited)				June 30, 2016 (Audited)				
	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)				
Balance in savings accounts	4.1	33,187	12,029	68,912	114,128	12,682	8,171	42,240	63,093
Term Deposit Receipts (TDRs)	4.2	-	20,000	45,000	65,000	-	-	-	-
		<u>33,187</u>	<u>32,029</u>	<u>113,912</u>	<u>179,128</u>	<u>12,682</u>	<u>8,171</u>	<u>42,240</u>	<u>63,093</u>

4.1 This represents bank accounts held with various banks. Mark-up rates on these accounts ranges from 4% to 6.7% (June 30, 2016: 4% to 7%) per annum.

4.2 This represents TDRs placed with JS Bank Limited, carrying mark-up at the rate of 7% per annum and maturing on January 26, 2017.

5. INVESTMENTS

	March 31, 2017 (Un-Audited)				June 30, 2016 (Audited)				
	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>Investments by category</b>									
<b>Available for sale investments</b>									
Listed equity securities	5.1	194,104	-	-	194,104	145,600	-	-	145,600
Unlisted equity securities	5.2	-	-	-	-	484	-	-	484
Government securities									
- Treasury Bills	5.3	-	-	40,779	40,779	-	49,665	104,909	154,574
- Pakistan Investment Bonds	5.4	-	101,466	-	101,466	-	115,561	-	115,561
Term Finance Certificates and Sukuk Bonds - Unlisted	5.5	-	40,723	-	40,723	-	4,784	7,000	11,784
		<u>194,104</u>	<u>142,189</u>	<u>40,779</u>	<u>377,072</u>	<u>146,084</u>	<u>170,010</u>	<u>111,909</u>	<u>428,003</u>
<b>Loans and receivables</b>									
Term Deposit Receipts	5.6	-	-	-	-	-	-	-	-
		<u>194,104</u>	<u>142,189</u>	<u>40,779</u>	<u>377,072</u>	<u>146,084</u>	<u>170,010</u>	<u>111,909</u>	<u>428,003</u>

Fully paid up ordinary shares of Rs. 10 each.

Sector and Name of the investee company	As at	Purchases	Bonus /	Sales	AS AT March 31,	Market	Market value	Market value	Holding as a %
	July 1, 2016	during the period	Right issue during the period	during the period	2017	value as at March 31, 2017	as a % of net assets of the sub-fund	as a % of total investment of the sub-fund	of paid-up capital of the investee company
	Number of shares					(Rupees in '000)	%		
<b>Oil and Gas Exploration Companies</b>									
Oil and Gas Development Company Limited	44,000	30,000	-	27,200	46,800	6,941	3.75%	3.89%	0.10%
Pakistan Petroleum Limited	20,000	12,000	-	5,800	26,200	4,059	3.10%	3.22%	0.61%
Mari Petroleum Company Limited	2,000	7,560	-	4,300	5,260	7,998	2.97%	3.09%	0.38%
Pakistan Oilfields Limited	7,000	23,200	-	15,500	14,700	6,542	4.60%	4.77%	0.71%
	<b>73,000</b>	<b>72,760</b>	<b>-</b>	<b>52,800</b>	<b>92,960</b>	<b>25,540</b>	<b>14.42%</b>	<b>14.97%</b>	
<b>Oil and Gas Marketing Companies</b>									
Pakistan State Oil Company Limited	25,700	11,500	-	27,800	9,400	3,981	2.93%	3.04%	0.48%
Sui Northern Gas Pipelines Limited	-	118,500	-	69,500	49,000	6,996	2.27%	2.35%	0.85%
Sui Southern Gas Company Limited	-	65,000	-	65,000	-	-	-	-	-
Hi-Tech Lubricants Limited	-	67,500	-	67,500	-	-	-	-	-
	<b>25,700</b>	<b>262,500</b>	<b>-</b>	<b>229,800</b>	<b>58,400</b>	<b>10,977</b>	<b>5.20%</b>	<b>5.39%</b>	
<b>Fertilizer</b>									
Engro Corporation Limited	27,100	16,400	-	25,700	17,800	6,551	4.35%	4.51%	0.51%
Dawood Hercules Corporation	-	44,000	-	-	44,000	5,830	2.77%	2.87%	0.59%
Engro Fertilizers Limited	25,000	79,000	-	104,000	-	-	2.77%	2.87%	0.59%
Fauji Fertilizer Bin Qasim Limited	-	87,500	-	87,500	-	-	2.31%	2.39%	0.94%
Fauji Fertilizer Company Limited	-	30,000	-	30,000	-	-	1.61%	1.67%	0.24%
	<b>52,100</b>	<b>256,900</b>	<b>-</b>	<b>247,200</b>	<b>61,800</b>	<b>12,381</b>	<b>13.81%</b>	<b>14.31%</b>	
<b>Chemical</b>									
ICI Pakistan Limited	-	15,900	-	12,000	3,900	4,352	2.00%	2.07%	0.42%
Sitara Chemical Industries Limited	-	5,950	-	-	5,950	3,302	2.00%	2.07%	0.42%
Akzo Nobel Pakistan Limited	-	10,000	-	10,000	-	-	-	-	-
	<b>-</b>	<b>31,850</b>	<b>-</b>	<b>22,000</b>	<b>9,850</b>	<b>7,654</b>	<b>4.00%</b>	<b>4.14%</b>	
<b>Glass and Ceramics</b>									
Tariq Glass Limited	-	66,000	-	66,000	-	-	-	-	-
<b>Refinery</b>									
Attock Refinery Limited	-	7,500	-	7,500	-	-	-	-	-
<b>Cement</b>									
Lucky Cement Limited	19,100	12,800	-	18,400	13,500	11,305	5.44%	5.65%	0.38%
Bestway Cement Limited	-	25,400	-	25,400	-	-	-	-	-
Cherat Cement Company Limited	-	46,600	-	11,000	35,600	6,807	2.56%	3.51%	0.61%
Fauji Cement Company Limited	40,000	225,000	-	265,000	-	-	2.09%	2.17%	0.65%
Maple Leaf Cement Factory Limited	42,500	32,000	-	42,500	32,000	3,970	2.10%	2.18%	0.61%
Pioneer Cement Limited	40,500	15,000	-	20,500	35,000	5,005	2.56%	2.66%	0.02%
D.G. Khan Cement Company Limited	40,000	23,500	-	22,800	40,700	9,459	3.30%	3.42%	0.66%
	<b>182,100</b>	<b>380,300</b>	<b>-</b>	<b>405,600</b>	<b>156,800</b>	<b>36,546</b>	<b>15.49%</b>	<b>367.08%</b>	
<b>Transport</b>									
Pakistan National Shipping Corporation Limited	72,000	-	-	72,000	-	-	-	-	-

Sector and Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / Right issue during the period	Sales during the period	AS AT March 31, 2017	Market value as at March 31, 2017	Market value as a % of net assets of the sub-fund	Market value as a % of total investment of the sub-fund	Holding as a % of paid-up capital of the investee company
	Number of shares					(Rupees in '000)	%		
<b>Food and Personal Care Products</b>									
Treet Corporation Limited	-	50,000	-	50,000	-	-	1.01%	1.05%	0.24%
<b>Textile Composite</b>									
Nishat Mills Limited	17,500	51,500	-	30,000	39,000	6,443	3.06%	3.17%	0.01%
Gul Ahmed Textile Mills Limited	-	112,000	-	112,000	-	-	2.37%	2.46%	0.65%
	17,500	163,500	-	142,000	39,000	6,443	5.43%	5.63%	
<b>Pharmaceuticals</b>									
Searle Pakistan Limited **	8,938	6,000	1,013	7,700	8,251	5,151	0.47%	0.49%	0.10%
ABOT Laboratories Limited	-	4,000	-	-	4,000	3,758	0.47%	0.49%	0.10%
GlaxoSmithKline Consumer	7,800	-	-	-	7,800	679	0.30	0.35	-
GlaxoSmithKline Pakistan Limited	26,000	-	-	26,000	-	-	-	-	-
	42,738	10,000	1,013	33,700	20,051	9,588	30.94%	35.98%	
<b>Power Generation and Distribution</b>									
Hub Power Company Limited	67,700	44,000	-	40,000	71,700	9,397	4.56%	4.73%	0.62%
Kot Addu Power Company Limited	30,500	44,000	-	74,500	-	-	1.91%	1.98%	0.53%
K-Electric Limited	625,000	590,000	-	1,215,000	-	-	-	-	-
	723,200	678,000	-	1,329,500	71,700	9,397	6.47%	6.71%	
<b>Commercial Banks</b>									
Askari Bank Limited	-	70,000	-	70,000	-	-	-	-	-
Bank Al Habib Limited	-	70,000	-	-	70,000	3,749	0.90%	0.93%	0.56%
Habib Metropolitan Bank	-	55,000	-	55,000	-	-	-	-	-
United Bank Limited	34,500	45,000	-	20,500	59,000	13,430	6.58%	6.83%	0.44%
National Bank of Pakistan	-	45,000	-	45,000	-	-	-	-	-
MCB Bank Limited	40,500	19,000	-	25,000	34,500	7,845	4.23%	4.38%	0.31%
Bank Al Falah Limited	195,000	146,000	-	341,000	-	-	-	-	-
	270,000	450,000	-	556,500	163,500	25,024	15.69%	16.27%	
<b>Insurance</b>									
Adamjee Insurance Company Limited	-	87,000	-	-	87,000	6,580	3.13%	3.25%	0.02%
<b>Automobile Assembler</b>									
Millat Tractors Limited	-	4,600	-	3,000	1,600	2,106	2.14%	2.22%	0.01%
Ghandhara Industries Limited	-	7,950	-	-	7,950	6,843	2.14%	2.22%	0.01%
Honda Atlas Cars Pakistan Limited	10,000	3,800	-	10,000	3,800	2,857	1.27	1.47	0.01%
	10,000	16,350	-	13,000	13,350	11,806	131.28%	151.44%	
<b>Paper and Board</b>									
Cherat Packaging Limited	11,200	-	-	11,200	-	-	1.72%	1.79%	-
Century Paper & Board Mills Ltd	-	50,000	-	50,000	-	-	1.72%	1.79%	-
Packages Limited	-	13,050	-	3,400	9,650	8,376	5.10%	5.29%	-
	11,200	63,050	-	64,600	9,650	8,376	8.54%	8.87%	

Sector and Name of the investee company	As at July 1, 2016	Purchases during the period	Bonus / Right issue during the period	Sales during the period	AS AT March 31, 2017	Market value as at March 31, 2017	Market value as a % of net assets of the sub-fund	Market value as a % of total investment of the sub-fund	Holding as a % of paid-up capital of the investee company
	Number of shares					(Rupees in '000)	%		
<b>Engineering</b>									
Mughal Iron and Steel Industries Limited **	40,000	-	-	39,000	1,000	141	0.05%	0.05%	0.08%
International Steels Ltd	-	24,000	-	-	24,000	3,095	0.05%	0.05%	0.08%
International Industries Limited	-	11,400	-	-	11,400	2,764	0.05%	0.05%	0.08%
Amrell Steels Limited	66,500	56,000	-	100,500	22,000	2,089	1.78%	1.85%	0.01%
Crescent Steel & Allied Products Limited	53,775	21,000	-	66,700	8,075	2,021	1.87%	1.94%	0.03%
	160,275	112,400	-	206,200	66,475	10,110	3.80%	3.94%	
<b>Automobile Parts &amp; Accessories</b>									
Thal Limited	-	36,500	-	22,500	14,000	7,420	3.31%	3.82%	0.03%
General Tyre and Rubber Company of Pakistan Limited	24,100	-	-	24,100	-	-	-	-	-
	24,100	36,500	-	46,600	14,000	7,420	3.31%	3.82%	
<b>Leather &amp; Tanneries</b>									
Service Industries Limited	-	5,100	-	5,100	-	-	-	-	-
<b>Cable and Electrical Goods</b>									
Pak Elektron Limited	50,000	83,000	-	65,000	68,000	6,262	3.05%	3.16%	0.01%
<b>Miscellaneous</b>									
Tri-Pack Films Limited	-	12,000	-	12,000	-	-	-	-	-
<b>Total as at March 31, 2017</b>	<b>1,713,913</b>	<b>2,844,710</b>	<b>1,013</b>	<b>3,627,100</b>	<b>932,536</b>	<b>194,104</b>	<b>96.12%</b>	<b>99.74%</b>	
<b>Cost of investment as at March 31, 2017</b>						<b>176,566</b>			



5.3 Government securities - Treasury bills  
5.3.1 Held by Debt Sub-Fund

Treasury bills - having face value of Rs. 100 each	Issue date	Face value			As at March 31, 2017	Amortized cost as at March 31, 2017	Market value as at March 31, 2017	Market value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / matured during the period				Total investments of the sub-fund	Net assets of the sub-fund
(Rupees in '000)									
Treasury Bill - 3 months	May 12, 2016	22,000	-	22,000	-	-	-	-	-
Treasury Bill - 3 months	May 26, 2016	28,000	-	28,000	-	-	-	-	-
Treasury Bill - 3 months	September 1, 2016	-	35,000	35,000	-	-	-	-	-
Treasury Bill - 3 months	October 27, 2017	-	75,000	75,000	-	-	-	-	-
Treasury Bill - 3 months	November 10, 2016	-	30,600	30,600	-	-	-	-	-
Treasury Bill - 3 months	November 24, 2016	-	5,000	5,000	-	-	-	-	-
Treasury Bill - 6 months	May 12, 2016	-	105,000	105,000	-	-	-	-	-
Treasury Bill - 12 months	October 15, 2015	-	35,000	35,000	-	-	-	-	-
Treasury Bill - 6 months	August 18, 2016	-	29,000	29,000	-	-	-	-	-
Treasury Bill - 6 months	July 21, 2016	-	4,000	4,000	-	-	-	-	-
Treasury Bill - 6 months	June 23, 2016	-	75,000	75,000	-	-	-	-	-
Treasury Bill - 3 months	September 29, 2016	-	4,000	4,000	-	-	-	-	-
Treasury Bill - 6 months	March 31, 2016	-	4,000	4,000	-	-	-	-	-
Treasury Bill - 6 months	August 4, 2016	-	17,000	17,000	-	-	-	-	-
Treasury Bill - 3 months	August 4, 2016	-	25,000	25,000	-	-	-	-	-
Treasury Bill - 6 months	June 9, 2016	-	100,000	100,000	-	-	-	-	-
Treasury Bill - 6 months	June 9, 2016	-	100,000	100,000	-	-	-	-	-
Treasury Bill - 6 months	February 2, 2017	-	25,000	25,000	-	-	-	-	-
Treasury Bill - 3 months	February 16, 2017	-	6,000	6,000	-	-	-	-	-
		<b>50,000</b>	<b>674,600</b>	<b>724,600</b>	-	-	-	-	-

5.3.2 Held by Money Market Sub-Fund

Treasury bills - having face value of Rs. 100 each	Issue date	Face value			As at March 31, 2017	Amortized cost as at March 31, 2017	Market value as at March 31, 2017	Market value as a percentage of	
		As at July 1, 2016	Purchases during the period	Sales / matured during the period				Total investments of sub-fund	Net assets of sub-fund
(Rupees in '000)									
Treasury Bill - 12 months	August 6, 2015	50,000	-	50,000	-	-	-	-	-
Treasury Bill - 6 months	January 21, 2016	8,500	-	8,500	-	-	-	-	-
Treasury Bill - 6 months	March 3, 2016	7,000	-	7,000	-	-	-	-	-
Treasury Bill - 3 months	May 12, 2016	38,000	-	38,000	-	-	-	-	-
Treasury Bill - 3 months	May 26, 2016	2,000	-	2,000	-	-	-	-	-
Treasury Bill - 3 months	September 1, 2016	-	7,000	7,000	-	-	-	-	-
Treasury Bill - 3 months	November 10, 2016	-	61,000	61,000	-	-	-	-	-
Treasury Bill - 6 months	May 12, 2016	-	30,000	30,000	-	-	-	-	-
Treasury Bill - 3 months	August 18, 2016	-	25,000	25,000	-	-	-	-	-
Treasury Bill - 6 months	August 18, 2016	-	11,000	11,000	-	-	-	-	-
Treasury Bill - 12 months	August 20, 2015	-	8,500	8,500	-	-	-	-	-
Treasury Bill - 6 months	July 21, 2016	-	20,000	20,000	-	-	-	-	-
Treasury Bill - 3 months	November 24, 2016	-	15,000	15,000	-	-	-	-	-
Treasury Bill - 3 months	March 16, 2017	-	14,000	-	14,000	13,847	13,846	33.95	9.01
Treasury Bill - 3 months	January 19, 2017	-	75,000	55,000	20,000	19,962	19,962	48.95	12.99
Treasury Bill - 3 months	February 2, 2017	-	7,000	-	7,000	6,971	6,971	17.09	4.54
Treasury Bill - 6 months	December 22, 2017	-	25,000	25,000	-	-	-	-	-
Treasury Bill - 12 months	January 21, 2016	-	2,000	2,000	-	-	-	-	-
		<b>105,500</b>	<b>300,500</b>	<b>365,000</b>	<b>41,000</b>	<b>40,780</b>	<b>40,779</b>	<b>99.99</b>	<b>26.54</b>

5.4 Government securities - Pakistan Investment Bonds

5.4.1 Held by Debt Sub-Fund

Issue date	Face value			As at March 31, 2017	Amortized cost as at March 31, 2017	Market value as at March 31, 2017	Market value as a	
	As at July 01, 2016	Purchases during the period	Sales / matured during the period				Total investments of the sub-fund	Net assets of the sub-fund
(Rupees in '000)								
Pakistan Investment Bonds- 3 years	March 26, 2015	50,000	100,000	150,000	-	-	-	-
Pakistan Investment Bonds- 3 years	April 21, 2016	25,000	140,000	165,000	-	-	-	-
Pakistan Investment Bonds- 5 years	April 21, 2016	35,000	140,000	75,000	100,000	101,604	101,411	71.32%
Pakistan Investment Bonds- 5 years	August 18, 2011	1,000	-	1,000	-	-	-	-
Pakistan Investment Bonds- 5 years	July 18, 2013	-	80,000	80,000	-	-	-	-
Pakistan Investment Bonds- 5 years	July 17, 2014	-	50,050	50,000	50	56	55	0.04
Pakistan Investment Bonds- 10 years	April 21, 2016	-	25,000	25,000	-	-	-	-
<b>Total</b>		<b>111,000</b>	<b>535,050</b>	<b>546,000</b>	<b>100,050</b>	<b>101,660</b>	<b>101,466</b>	<b>75.32%</b>
								<b>59.99%</b>

5.5 Term Finance Certificates and Sukuk bonds - Unlisted

5.5.1 Held by Debt Sub-Fund

Sector and Name of the investee company	Number of certificates			As at March 31, 2017	Amortized cost as at March 31, 2017	Market value / Carrying value as at March 31, 2017	Market value as a	
	As at July 1, 2016	Purchases during the period	Sales / Matured during the period				Total investments of the sub-fund	Net assets of the sub-fund
(Rupees in '000)								
<b>Commercial Banks</b>								
Standard Chartered Bank (Pakistan) Limited - TFC	300	-	-	300	1,500	1,501	1.06%	0.84%
Bank Al-Habib - TFC	-	250	-	250	12,640	12,639	8.89%	7.10%
Bank Of Punjab - TFC	-	85	-	85	8,527	8,597	6.05%	4.83%
NIB Bank Limited - TFC	-	550	-	550	2,762	2,784	1.96%	1.56%
JS Bank Limited - TFC	-	2,000	-	2,000	10,000	10,061	7.08%	5.65%
<b>Fertilizers</b>								
Fatima Fertilizers Sukuk	-	418	-	418	2,090	2,163	1.52%	1.22%
<b>Multiutilities</b>								
Water and Power Development Authority - Sukuk	798	-	-	798	2,850	2,978	2.09%	1.67%
<b>Total</b>	<b>1,098</b>	<b>3,303</b>	<b>-</b>	<b>4,401</b>	<b>40,369</b>	<b>40,723</b>	<b>28.65%</b>	<b>22.87%</b>

6.1 As per rule 11 of the VPS Rules, the Pension Fund Manager is allowed to charge maximum annual management fee of 1.5% of average values of the net assets of each Sub-Fund calculated during the period. Accordingly, the management fee has been accrued at 1.5% of the average annual net assets of each Sub-Fund.

6.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the remuneration of the Pension Fund Manager as required by the Sindh Sales Tax on Services Act, 2011, effective from July 1, 2011.

**7. ACCRUED EXPENSES AND OTHER LIABILITIES**

	Note	March 31, 2017 (Un-Audited)				June 30, 2016 (Audited)			
		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)			
Auditors' remuneration		146	144	137	427	62	62	62	186
Payable to broker		-	-	-	-	280	13	-	293
Federal Excise Duty	7.1	763	878	836	2,477	763	878	836	2,477
Provision for Workers' Welfare Fund	11	-	-	-	-	1,125	534	470	2,129
Provision for Sindh Workers' Welfare Fund	11	1,561	598	372	2,531	-	-	-	-
Others		652	3	94	749	4,520	339	943	5,802
		<b>3,122</b>	<b>1,623</b>	<b>1,439</b>	<b>6,184</b>	<b>6,750</b>	<b>1,826</b>	<b>2,311</b>	<b>10,887</b>

**7.1** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent 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 may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 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.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2015 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the pension fund manager, as a matter of abundant caution, has made a provision on FED on remuneration of Pension Fund Manager with effect from June 13, 2013, aggregating to Rs. 0.763 million, Rs. 0.878 million and Rs. 0.838 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Had the provision not being made, the Net Asset Value per unit as at March 31, 2017 would have been higher by Rs. 1.59 (June 30, 2016: Rs. 1.61) per unit, Rs. 0.76 (June 30, 2016: Rs. 0.72) per unit and Rs. 0.76 (June 30, 2016: Rs. 0.75) per unit for Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund respectively.

**8. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2017 and June 30, 2016.

**11. WORKERS' WELFARE FUND (WWF) AND SINDH WORKERS' WELFARE FUND (SWWF)**

The Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

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

Considering the above developments, the Pension Fund Manager assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- As an abundant caution, the Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014 to March 31, 2017; and
- Provision computed for SWWF should be adjusted against provision of WWF and if any further provision is required, then it should be recognized in books of the Fund before December 31, 2016. If provision of WWF is in excess of provision required for SWWF, the excess provision of WWF should be carried forward unless further clarification is received from the MUFAP.

Subsequent to the period end December 31, 2016, in the wake of the above developments i.e. decision of the SCP and communications took place with regard to SWWF, the MUFAP also, on behalf of Asset Management Companies (AMCs) and Collective Investment Schemes (CISs), obtained legal opinion on December 05, 2016 and called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members the following, effective from January 12, 2017:

- Workers' Welfare Fund (WWF) recognized earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and
- As an abundant caution, Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017.

The Management Company considered the recommendations of the MUFAP and assessed that there is no impact which should have been recognized in this interim financial information.

As a matter of abundant caution, the Management Company has decided to retain the provision for SWWF amounting to Rs. 2.531 million in these condensed interim financial statements.

## **12. TAXATION**

No provision for taxation for the period ended December 31, 2016, has been made in the view of exemption available under clause 57 (3) (viii) of Part I of the Second Schedule of the Income Tax Ordinance, 2001.

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

"Connected persons / related parties comprise 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 Pension Fund Manager, directors and officers of the Pension Fund Manager and the concerned persons. Transactions with connected persons are made in the normal course of business, at agreed / 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 VPS Rules and the Trust Deed respectively."

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

13.1 Transactions during the period

	NINE MONTHS ENDED March 31, 2017 (Un-Audited)				NINE MONTHS ENDED March 31, 2016 (Un-Audited)			
	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>HBL Asset Management Limited - Pension Fund Manager</b>								
Management fee inclusive of sales tax	2,312	1,892	1,974	6,178	1,985	2,236	2,046	6,267
<b>Habib Bank Limited - Sponsor</b>								
Bank charges	9	4	5	18	8	3	4	15
Profit on bank deposits earned	254	162	225	641	224	83	82	389
<b>Directors and Executives of the Pension Fund Manager</b>								
<b>Directors</b>								
	Number				Number			
<b>Mr. Salim Amlani</b>								
Reallocation of units	-	-	-	-	-	(1,970)	2,068	98
<b>Ms. Sima Kamil</b>								
Reallocation of units	8	(83)	70	(5)	(189)	344	85	240
	(Rupees in '000)				(Rupees in '000)			
<b>Mr. Salim Amlani</b>								
Amount of units reallocated	-	-	-	-	-	(268)	268	-
<b>Ms. Sima Kamil</b>								
Amount of units reallocated	2,723	(12,208)	9,485	-	(58)	47	11	-
<b>Executives*</b>								
	Number				Number			
Reallocation of units	-	-	-	-	(1)	3	-	2
	(Rupees in '000)				(Rupees in '000)			
Amount of units reallocated	54	(54)	-	-	(1)	1	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Remuneration	232	222	195	649	168	190	173	531
Central Depository System Charges	-	-	-	-	14	3	-	17
<b>Directors of connected persons**</b>								
	Number				Number			
Reallocation of units	(3,514)	(8,730)	18,438	6,194	(2,662)	1,441	4,764	3,543
Redemption of units	(204)	(1,891)	(7,745)	(9,840)	428	2,329	6,318	9,075
	(Rupees in '000)				(Rupees in '000)			
Amount of units reallocated	(1,206)	(1,290)	2,496	-	(814)	196	618	-
Amount of units redeemed	73	281	1,058	1,412	128	324	827	1,279

\* These include transactions in relation to those executives who have resigned from the Pension Fund Manager during the period upto the date of their resignation.

\*\* These include transactions in relation to those directors of connected persons who have joined during the period from the date of their joining.

13.2 Balances outstanding as at period / year end

	March 31, 2017 (Un-Audited)				June 30, 2016 (Audited)			
	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>HBL Asset Management Limited - Pension Fund Manager</b>								
Management fee payable	266	225	195	686	187	219	185	591
Sindh Sales Tax payable	35	29	25	89	30	35	30	95
Federal Excise Duty payable	763	878	836	2,477	763	878	836	2,477
Front-end load payable	-	-	-	-	291	208	99	598
<b>Habib Bank Limited - Sponsor</b>								
	Number				Number			
Units held	300,000	300,000	300,000	900,000	300,000	300,000	300,000	900,000
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	122,604	45,479	41,881	209,964	96,157	44,098	40,503	180,758
Balance in savings account	13,875	8,689	26,681	49,245	9,589	8,166	22,668	40,423
<b>Directors and Executives of the Pension Fund Manager</b>								
<b>Directors</b>								
	Number				Number			
Units held	7,854	13,782	3,754	25,390	7,845	13,865	3,684	25,394
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	3,210	2,089	524	5,823	2,515	2,038	497	5,050
<b>Executives***</b>								
	Number				Number			
Units held	35	19	-	54	35	19	-	54
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	14	3	-	17	11	3	-	14
<b>Central Depository Company of Pakistan Limited - Trustee</b>								
Remuneration payable	27	22	19	68	21	25	21	67
Sindh Sales Tax payable	3	3	2	8	-	-	-	-
Security deposit receivable	100	100	-	200	100	100	-	200
<b>Directors of connected persons</b>								
	Number				Number			
Units held	12,496	77,359	128,255	218,110	9,401	49,717	13,152	72,270
	(Rupees in '000)				(Rupees in '000)			
Amount of units held	5,107	11,727	17,905	34,739	3,013	7,308	1,776	12,097

\*\*\* These does not include balances in relation to those executives who have resigned from the Pension Fund Manager during the period.

#### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, carrying values may differ from their market values at reporting date.

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

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

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

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

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

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

	Carrying Amount	March 31, 2017 (Un-Audited)				Fair Value		
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	194,104	-	-	194,104	194,104	-	-	194,104
- Treasury Bills	40,779	-	-	40,779	-	40,779	-	40,779
- Pakistan Investment Bonds	101,466	-	-	101,466	-	101,466	-	101,466
Term Finance Certificates and Sukuk Bonds - Unlisted	40,723	-	-	40,723	-	40,723	-	40,723
	<b>377,072</b>	-	-	<b>377,072</b>	<b>194,104</b>	<b>182,968</b>	-	<b>377,072</b>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	179,128	-	179,128	-	-	-	-
Investments	-	-	-	-	-	-	-	-
- Unlisted equity securities	-	-	-	-	-	-	-	-
- Term Deposit Receipts (TDRs)	-	-	-	-	-	-	-	-
Dividend receivable and accrued mark-up	-	6,787	-	6,787	-	-	-	-
Advances, deposits, prepayments and other receivables	-	14,825	-	14,825	-	-	-	-
	-	<b>200,740</b>	-	<b>200,740</b>	-	-	-	-

	Note	Carrying Amount		March 31, 2017 (Un-Audited)				Fair Value			
		Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
		(Rupees in '000)									
<b>On-balance sheet financial instruments</b>											
<b>Financial liabilities not measured at fair value</b>											
14.1											
Payable to the Pension Fund Manager		-	-	775	775	-	-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	77	77	-	-	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	130	130	-	-	-	-	-	-
Accrued expenses and other liabilities		-	-	1,176	1,176	-	-	-	-	-	-
Participants' Sub Funds		-	-	556,146	556,146	-	-	-	-	-	-
		-	-	558,304	558,304	-	-	-	-	-	-
June 30, 2016 (Audited)											
<b>On-balance sheet financial instruments</b>											
<b>Financial assets measured at fair value</b>											
Investments											
- Listed equity securities		145,600	-	-	145,600	145,600	-	-	-	-	145,600
- Treasury Bills		154,574	-	-	154,574	-	-	154,574	-	-	154,574
- Pakistan Investment Bonds		115,561	-	-	115,561	-	-	115,561	-	-	115,561
Term Finance Certificates and Sukuk Bonds - Unlisted		11,784	-	-	11,784	-	11,784	-	-	-	11,784
		427,519	-	-	427,519	145,600	281,919	-	-	-	427,519
<b>Financial assets not measured at fair value</b>											
14.1											
Bank balances		-	63,093	-	63,093	-	-	-	-	-	-
Investments											
- Unlisted equity securities		484	-	-	484	-	-	-	-	-	-
Dividend receivable and accrued mark-up		-	2,419	-	2,419	-	-	-	-	-	-
Advances, deposits, prepayments and other receivables		-	200	-	200	-	-	-	-	-	-
		484	65,712	-	66,196	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
14.1											
Payable to the Pension Fund Manager		-	-	686	686	-	-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	67	67	-	-	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan		-	-	144	144	-	-	-	-	-	-
Accrued expenses and other liabilities		-	-	6,281	6,281	-	-	-	-	-	-
Participants' Sub Funds		-	-	481,931	481,931	-	-	-	-	-	-
		-	-	489,109	489,109	-	-	-	-	-	-

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

#### 15. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue by the Board of Directors of the Pension Fund Manager on 27 April 2017.

#### 16. GENERAL

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

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

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

\_\_\_\_\_  
Director



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
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







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