

HBL

ASSET MANAGEMENT LTD.

ایس ایٹ مینجمنٹ لمیٹڈ

AM1 (Stable Outlook) by VIS

Annual Report 2023-24

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.

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.

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.

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.

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.

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.

Management Company**HBL Asset Management Limited****Board of Directors** (Composition as of September 26, 2024)

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Risk Management Committee

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

Technology Committee

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

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

AMC Rating

AM1 (Stable Outlook)

Legal AdvisorBawany & Partners,
Lane 13, D.H.A Phase 6, Bukhari Commercial Area,
Defense Housing Authority, Karachi.**Website**www.hblasset.com**Head Office & Registered Office**

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of HBL Asset Management Limited is pleased to present its report together with Financial Statements of HBL Islamic Money Market Fund, HBL Islamic Income Fund, HBL Islamic Stock Fund, HBL Islamic Equity Fund, HBL Islamic Asset Allocation Fund, HBL Islamic Savings Fund, HBL Islamic Fixed Tern Fund and HBL LiveStock Fund (the Funds) for the year ended June 30, 2024.

ECONOMIC REVIEW

FY24 set the path for the economic recovery and stability. Nine-month Standby Arrangement (SBA) of USD 3.0B with IMF, signed at the end of June 2023, provided the much needed breathing space to Pakistan. The program has helped in unlocking other multilateral and bilateral inflows and stabilize foreign exchange reserves. Following the SBA program Pakistan received funding and rollovers from bilateral and multilateral. SBP reserves increased by USD 4.9B to ~USD 9.4B during FY24. PKR-USD parity also strengthened from the high of PKR 307/ USD to PKR 278/ USD. In FY24, PKR appreciated by 2.7%. Soon after the successful completion of the SBA program, Pakistani authorities were able to reach an agreement on 3 year EFF program whose approval from the IMF Executive Board is due in September. The long term program will ensure continuity of economic stability and aid in meeting external obligations.

GDP growth in FY24 recorded at 2.4% led by 6.3% growth in agriculture. Although services and industrial sectors growth remained muted at 1.2% and 2.4% respectively, they improved as compare with FY23. For FY24, government has set the GDP growth target at 3.6% based on 2.0%, 4.4% and 4.1% growth in agriculture, industrial and services growth respectively.

Current Account Deficit (CAD) in FY24 clocked in at USD 0.7B as compare with USD 3.3B in FY23. 11% decline in trade deficit to USD 22B and 11% increase in remittances to USD 30.3B were the reasons behind reduction in CAD. Exports went up 12% y/y to USD 31B in FY24 while imports remained muted at USD 53.2B. In 2MFY25 CAD has declined by 81% y/y to USD 171M. Despite 22% increase in trade deficit to USD 4.7B, CAD decreased due to 44% increase in remittances to USD 5.9B.

Headline inflation, after touching the high of 38% in May 2023 has been on a declining trend. Inflation averaged 24% in FY24 vs 29% in FY23. Higher base effect, stable parity and softening of food prices led to a decline in inflation. In 2MFY25, headline inflation averaged to 10.4% vs 27.84% in 2MFY24. In line with trend of headline inflation, core inflation declined to 12.9% in 2MFY25 vs 21.2% in 2MFY24.

Despite high interest rates, fiscal deficit declined to 6.8% of GDP in FY24 vs 7.7% in FY23. Increase in tax collection, controlled current expenditures and lower PSDP led to decline in deficit. Primary balance recorded a surplus of 0.9% of GDP in FY24 vs a deficit of 0.8% in FY23, despite higher interest rate environment. In FY25, government has budgeted a deficit of 5.9% on the back of higher tax collections and non-tax revenue. Primary balance surplus is budgeted at 1% of GDP.

STOCK MARKET REVIEW

In FY24, the benchmark KMI-30 index gained 55,676 points or 78.7% to reach at 126,424 level. IMF program euphoria, economic stability, political certainty, peaceful culmination of elections along with foreign inflows turned the sentiments positive. Strong results posted by corporates despite economic turbulence also supported the bullish momentum.

The sectors that majorly contributed to the performance in FY24 were Oil and Gas Exploration (+11,779 pts), Power (+10,240 pts), Fertilizer (+9,373pts) and Banks (+8,493 pts). Whereas script wise major contribution came from HUBC (+10,240 pts), MEBL (+8,139pts), EFERT (+6,726pts), LUCK (+4,282pts) and PPL (+4,118pts).

After the drastic decline in inflation, interest rates cycle is now on a reverse trend. Policy rate after touching the all-time high of 22% has been reduced to 17.5%. Inflation readings in the coming months are estimated to be in single digits which will provide room for further cut in interest rates. Decline in interest rates, securing of 3 years EFF program, funding support from multilateral and bilateral, strong earnings outlook and weakening oil price outlook will keep the market momentum positive. We believe that market could re-rate from current levels; hence, we maintain bullish stance on equities. The risk to our stance is escalation in middle-east and possibility of any domestic political uncertainty.

MONEY MARKET REVIEW

During the period under review, SBP maintained policy rate at 22% to slow down the economic activity and tame down the inflation. However, in the last Monetary Policy Committee (MPC) meeting of FY24, the policy rate was reduced to 20.5% on the back of decline in inflation. On a forward looking basis, the real interest rates have turned significantly positive.

Sensing the forth coming decline in interest rates, secondary market yields have started coming down before the interest rate cut announcement by MPC. After touching the high of 23.78%, 24.51%, 24.73%, 21.16% and 17.93% secondary market yields retreated to 19.97%, 19.91%, 18.68%, 16.50% and 15.37% for 3M, 6M, 12M, 3Y and 5Y tenors respectively.

It is also pertinent to note that during the last Sukuk auction held on 27th June-2024, government raised PKR 198B from Fixed Rental Rate (FRR) Sukuk against target of PKR 20B. Yield on 3-year Sukuk stood at 15.80% whereas on 5-year Sukuk stood at 15.10% for FRR. In Variable Rate Sukuk (VRR) auction, government raised PKR 20B as per the target. In last fixed rate discounted Ijara Sukuk of FY24, government raised PKR 21B against the target of PKR 10B at 18.50%.

Despite decline in interest rates, real interest rates have remained significantly positive on forward looking basis due to expected sharp decline in inflation. As inflation is expected to ease further from current levels, possibility of further rate cuts are high.

FUTURE OUTLOOK

We believe that it would be difficult for the government to achieve the growth target of 3.6% in FY25. The growth will likely remain muted between 2.5% to 3.0% given the high interest rate environment, erosion of purchasing power parity and underutilization of PSDP.

On the fiscal side, the budget deficit will likely be at higher side i.e. in the range of 6.5% to 7.5% vs the target of 5.9% due to higher interest payments and possible underperformance in budgeted tax collections. In 2MFY25, FBR collection has fallen short of PKR 113B to the target. To recall FBR collection target for FY25 is ~PKR 12.9T, 40% higher than FY24.

Current Account Deficit in FY25 is likely to remain near FY24 levels due to decline in oil prices and increase in remittances. As per PBS, petroleum imports were USD 16.9B or 31% of total imports. To note, Brent Crude has corrected 14% since the beginning of FY25. Increase in remittances (monthly run rate of ~USD 3B in 2MFY24) will also reduce the CAD.

Pakistan has been witnessing high inflation in the last few years with peak y/y inflation touching 38% in May 2023. This was primarily driven by increase in international oil prices, floods, supply chain disruption, increase in taxes and PKR depreciation. In FY24, peak y/y inflation was observed in September 2023 at 31.44%. Inflation has been on a downward trend and have dropped from the 21% in March 2024 to 13% in June 2024. The y/y inflation has further reduced to 9.6% in August 2024. PKR stability, decline in oil prices and high base effect contributed to declining inflation readings. Inflation is expected to remain in single digits in most periods of FY25 before inching up towards the end of FY25.

Our view on Pakistan equities is positive due to cheap valuations, decline in interest rates and approval of IMF EFF programme. The market is trading at a historic low P/E multiple of ~4.0x compared to regional average of 14.5x, and offers an attractive dividend yield of 11.1%, compared to regional average of 5.5%. Hence, Pakistan equities offer a good opportunity for long-term investors.

FUND'S PERFORMANCE AND PAYOUTS

HBL Islamic Money Market Fund

The total income and net income of the Fund was Rs. 12.65 billion and Rs. 11.98 billion respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 101.3535 per unit as on June 30, 2024 as compared to Rs. 101.3883 per unit as on June 30, 2023, after incorporating dividend of Rs. 19.7523 per unit, thereby giving an annualized return of 21.98%. During the year the benchmark return (3 Month bank deposit rates) was 10.28%. The size of Fund was Rs. 65.10 billion as on June 30, 2024 as compared to Rs. 44.53 billion at the start of the year.

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

HBL Islamic Income Fund

The total income and net income of the Fund was Rs. 3.00 billion and Rs. 2.75 billion respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 103.7234 per unit as on June 30, 2024 as compared to Rs. 103.2208 per unit as on June 30, 2023, after incorporating dividend of Rs. 22.00 per unit, thereby giving an annualized return of 21.83%. During the same year the benchmark return (6 Month bank deposit rates) was 10.10%. The size of Fund was Rs. 14.90 billion as on June 30, 2024 as compared to Rs. 7.74 billion at the start of the year.

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

HBL Islamic Stock Fund

The total and net income of the Fund was Rs. 70.86 million and Rs. 64.76 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 133.6610 per unit as on June 30, 2024 as compared to Rs. 77.9684 per unit as on June 30, 2023, after incorporating dividend of Rs. 3.15 per unit, thereby giving a return of 75.47% during the year, against the benchmark return (KMI 30 Index) of 78.70%. The size of Fund was Rs. 0.14 billion as on June 30, 2024 as compared to Rs. 0.16 billion at the start of the year.

HBL Islamic Equity Fund

The total and net income of the Fund was Rs. 51.95 million and Rs. 47.01 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 111.4243 per unit as on June 30, 2024 as compared to Rs. 65.8671 per unit as on June 30, 2023, after incorporating dividend of Rs. 3.50 per unit, thereby giving a return of 74.48% during the year, against the benchmark return (KMI 30 Index) of 78.70%. The size of Fund was Rs. 0.13 billion as on June 30, 2024 as compared to Rs. 0.11 billion at the start of the year.

HBL Islamic Asset Allocation Fund

Under HBL Islamic Asset Allocation Fund (HBL-IAAF), the HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-Plan-I) has been constituted on July 13, 2020 and HBL Islamic Asset Allocation Fund – Plan-II was launched on August 05, 2022.

The total and net income of the Fund including HBL IAAF Plans was Rs. 543.82 million and Rs. 520.66 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the HBL-IAAF increased from Rs. 101.6871 per unit as on June 30, 2023 to Rs. 171.1578 per unit as on June 30, 2024, after incorporating dividend of Rs. 8.50 per unit, thereby giving a return of 76.64% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of 70.72%. The Net Asset Value (NAV) of the HBL-IAAF Plan-I was Rs. 102.2464 per unit as on June 30, 2024 as compared to Rs. 101.3349 per unit as on June 30, 2023, after incorporating dividend of Rs. 22.00 per unit, thereby giving a return of 22.76% during the period against the benchmark return of 6.97%. The Net Asset Value (NAV) of the HBL-IAAF Plan-II was Rs. 100.5438 as on June 30, 2024 as compared to Rs. 100.9289 as on June 30, 2023, after incorporating dividend of Rs. 21.35 per unit, thereby giving a return of 21.69% while the benchmark return during the period was 7.01%. The collective size of Fund was Rs. 1.93 billion as on June 30, 2024 as compared to Rs. 2.52 billion at the start of the year.

HBL Islamic Savings Fund

The Fund launched its operations on March 17, 2024.

The total and net income of the Fund was Rs. 256.98 million and Rs. 235.26 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 100.1648 per unit as on June 30, 2024, after incorporating dividend of Rs. 5.75 per unit, thereby giving a return of 19.83% during the year, against the benchmark return (KMI 30 Index) of 11.23%. The size of Fund was Rs. 5.25 billion as on June 30, 2024.

HBL Islamic Fixed Term Fund

The Fund launched its operations on March 28, 2024.

The total and net income of the Fund was Rs. 84.09 million and Rs. 79.84 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 100.4517 per unit as on June 30, 2024, after incorporating dividend of Rs. 4.5209 per unit, thereby giving a return of 19.18% during the year, against the benchmark return (KMI 30 Index) of 20.24%. The size of Fund was Rs. 1.67 billion as on June 30, 2024.

HBL LiveStock Fund

The Fund commenced its operations on April 17, 2023.

During the period under review, the Fund earned a total and net income of Rs. 31.49 million and Rs. 18.51 million respectively. The net assets of the Fund has been distributed among its unitholders upon the maturity of phase-I of the fund and the fund size stands NIL as at June 30, 2024.

MANAGEMENT COMPANY RATING

The VIS Credit Rating Company Limited (VIS) has reaffirmed the management quality rating of 'AM-I' (AM-One) to the Management Company and the outlook on the assigned rating has been assessed at 'Stable'.

AUDITORS

The details of the retiring auditors and appointments for the year June 30, 2025 are provided in the following table.

Name of Fund	Retiring Auditors for the year ended June 30, 2023	Auditors for the year June 30, 2024	Re-appointed / New Appointment
HBL Islamic Equity Fund	Yousuf Adil & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	Re-appointed
HBL Islamic Savings Fund	Yousuf Adil & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	Re-appointed
HBL Livestock Fund	BDO Ebrahim & Co., Chartered Accountants	BDO Ebrahim & Co., Chartered Accountants	Re-appointed
HBL Islamic Income Fund	BDO Ebrahim & Co., Chartered Accountants	BDO Ebrahim & Co., Chartered Accountants	Re-appointed
HBL Islamic Fixed Term Fund	BDO Ebrahim & Co., Chartered Accountants	BDO Ebrahim & Co., Chartered Accountants	Re-appointed
HBL Islamic Stock Fund	A.F.Fergusons & Co., Chartered Accountants	A.F.Fergusons & Co., Chartered Accountants	Re-appointed
HBL Islamic Money Market Fund	KPMG Taseer Hadi & Co., Chartered Accountants	A.F.Fergusons & Co., Chartered Accountants	New appointment
HBL Islamic Asset Allocation Fund	KPMG Taseer Hadi & Co., Chartered Accountants	Yousuf Adil & Co., Chartered Accountants	New appointment

PATTERN OF UNIT HOLDING

The details regarding the pattern of unit holding is provided in the respective financial statements of the Funds. Breakup of unit holding by size is provided in the relevant section of the Annual Fund Manager Report of the respective Funds.

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 and the Digital Custodian Company Limited as Trustees, the Pakistan Stock Exchange Limited and the State Bank of Pakistan.

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

On behalf of the Board of
HBL Asset Management Limited

Chief Executive Officer



HBL Islamic Money Market Fund

NAME OF FUND	HBL ISLAMIC MONEY MARKET FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	KPMG Taseer Hadi & Co., Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	<p>Habib Bank Limited</p> <p>Askari Bank Limited</p> <p>Habib Metropolitan Bank Limited</p> <p>Bank Al Habib Limited</p> <p>Allied Bank Limited</p> <p>Faysal Bank Limited</p> <p>Bank Alfalah Limited</p> <p>Meezan Bank Limited</p> <p>National Bank Limited</p> <p>United Bank Limited</p> <p>MCB Bank limited</p> <p>Dubai Islamic Bank</p> <p>Soneri Bank limited</p>
FUND RATING	AA+(f) (JCR-VIS)

FUND MANAGER'S REPORT – HBL ISLAMIC MONEY MARKET FUND

Type and Category of Fund

Open end Islamic Money Market Fund

Investment Objective and Accomplishment of Objective

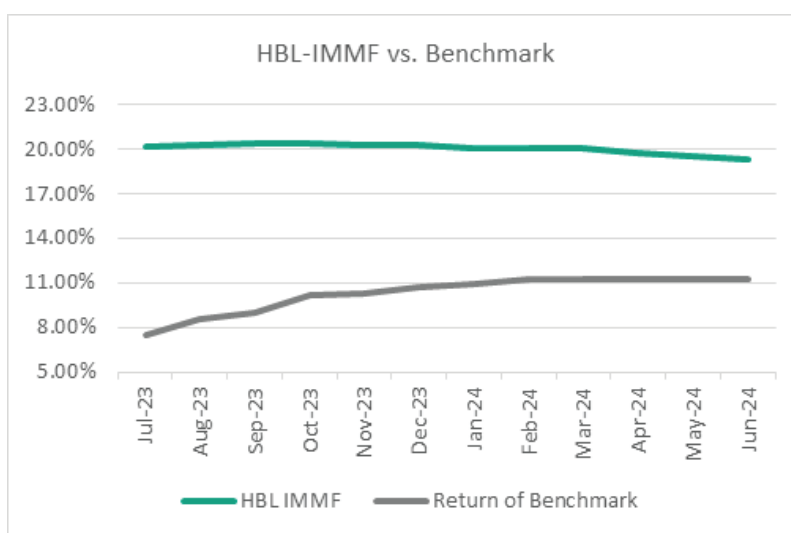
The investment objective of the Fund is to seek high liquidity, competitive return and maximum possible preservation of Capital for investors by investing in low risk Shariah Compliant securities. The investment objective is achieved.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average 3 Months average deposit rates of 3 AA rated Islamic Banks or Islamic Windows of Conventional Bank as selected by MUFAP.

The comparison of the fund return with benchmark is given below:

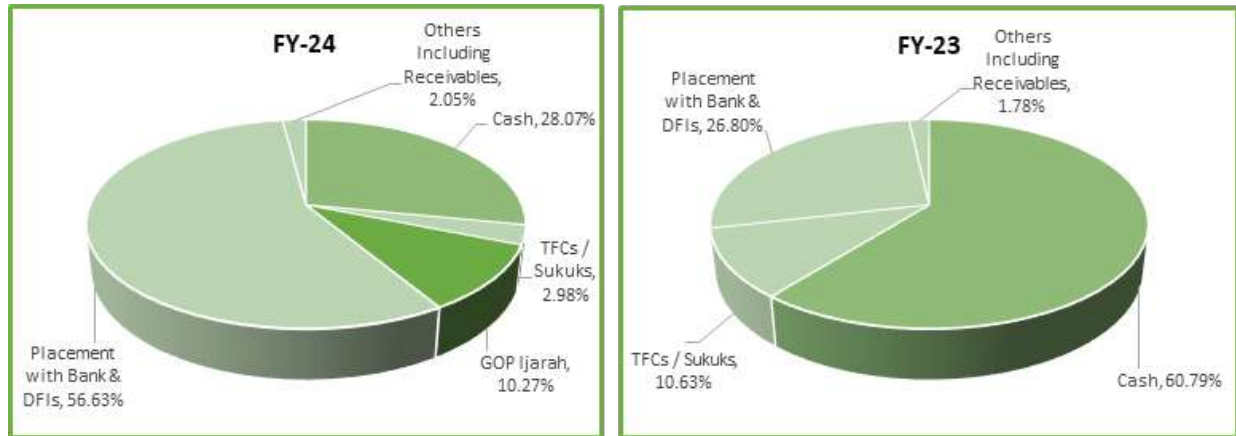
Month	HBL-IMMF	Benchmark
Jun-24	19.28%	11.22%
May-24	19.54%	11.20%
Apr-24	19.72%	11.24%
Mar-24	20.04%	11.27%
Feb-24	20.04%	11.24%
Jan-24	20.10%	10.95%
Dec-23	20.29%	10.69%
Nov-23	20.26%	10.30%
Oct-23	20.36%	10.18%
Sep-23	20.36%	8.99%
Aug-23	20.23%	8.54%
Jul-23	20.13%	7.52%



Strategies and Policies employed during the Period

The Fund remained majorly invested in bank deposits due to absence of investment opportunities in the Islamic universe. During the year investment in short term Islamic commercial papers and Sukuks assisted the fund manager to support the bottom line of the fund. However, this mode of investment is limited to a few issuers because Money Market Schemes have duration and rating limitations. At the end of the period, asset allocation comprised of 28.07% investment in Daily Product Accounts, 56.63% placement with banks and DFIs, and remaining 13.25% in GoP Ijara Sukuk and short term Sukuk. Going forward, we will explore further options to invest the funds in shorter duration placement opportunities to augment the returns.

Asset Allocation



Fund Performance

The total income and net income of the Fund was Rs. 12.65 billion and Rs. 11.98 billion respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 101.3535 per unit as on June 30, 2024 as compared to Rs. 101.3883 per unit as on June 30, 2023, after incorporating dividend of Rs. 19.7523 per unit, thereby giving an annualized return of 21.98%. During the year the benchmark return (3 Month bank deposit rates) was 10.28%. The size of Fund was Rs. 65.10 billion as on June 30, 2024 as compared to Rs. 44.53 billion at the start of the year.

Money Market Review

During the period under review, SBP maintained policy rate at 22% to slow down the economic activity and tame down the inflation. However, in the last Monetary Policy Committee (MPC) meeting of FY24, the policy rate was reduced to 20.5% on the back of decline in inflation. On a forward looking basis, the real interest rates have turned significantly positive.

Sensing the forth coming decline in interest rates, secondary market yields have started coming down before the interest rate cut announcement by MPC. After touching the high of 23.78%, 24.51%, 24.73%, 21.16% and 17.93% secondary market yields retreated to 19.97%, 19.91%, 18.68%, 16.50% and 15.37% for 3M, 6M, 12M, 3Y and 5Y tenors respectively.

It is also pertinent to note that during the last Sukuk auction held on 27th June-2024, government raised PKR 198B from Fixed Rental Rate (FRR) Sukuk against target of PKR 20B. Yield on 3-year Sukuk stood at 15.80% whereas on 5-year Sukuk stood at 15.10% for FRR. In Variable Rate Sukuk (VRR) auction, government raised PKR 20B as per the target. In last fixed rate discounted Ijara Sukuk of FY24, government raised PKR 21B against the target of PKR 10B at 18.50%.

Despite decline in interest rates, real interest rates have remained significantly positive on forward looking basis due to expected sharp decline in inflation. As inflation is expected to ease further from current levels, possibility of further rate cuts are high.

Distribution

The Fund has distributed cash dividend up-to Rs. 19.7523 per unit for the year ended June 30, 2024.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the period under review.

Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	2,691	54,080
101 – 500	428	90,732
501 – 1,000	139	94,269
1,001 – 10,000	723	3,413,135
10,001 – 100,000	1,131	42,539,966
100,001 – 500,000	297	64,939,283
500,001 – 1,000,000	47	33,107,272
1,000,001 – 5,000,000	45	96,504,565
5,000,001 and above	17	401,583,535
Total	5,518	642,326,837

Unit Splits

There were no unit splits during the year.

Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

**PERFORMANCE TABLE –
HBL ISLAMIC MONEY MARKET FUND**
As at June 30, 2024

	2024	2023	2022	2021	2020	2019
Net assets at the period end(Rs'000)	65,102,053	44,532,740	15,540,463	6,640,304	8,423,242	1,050,315
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	101.3535	101.3883	101.2171	101.1940	101.1744	100.9968
Offer	102.4988	102.5340	102.3609	102.3375	102.3177	102.1381
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit	102.3177	102.3177	102.3177	102.9680	103.2023	110.0993
Lowest offer price per unit	102.3177	102.3177	102.3177	101.1744	102.1381	100.8796
Highest redemption price per unit	101.1744	101.1744	101.1744	101.8175	102.0491	108.8691
Lowest redemption price per unit	101.1744	101.1744	101.1744	101.1744	100.9968	100.8796
RETURN (%)						
Total return	21.98%	17.24%	9.99%	6.47%	11.38%	8.11%
Income distribution	19.75%	15.93%	9.62%	6.33%	10.77%	8.00%
Capital growth	2.23%	1.31%	0.37%	0.14%	0.61%	0.11%
DISTRIBUTION						
Final dividend distribution- Rs	19.7523	15.9328	9.6178	6.3321	10.7689	8.00
Date of Income Distribution	Different Dates	Different Dates	Different Dates	Different Dates	Different Dates	28-Jun-19
Total dividend distribution for the year/ period	19.75	15.93	9.62	6.33	10.77	8.00
AVERAGE RETURNS (%)						
Average annual return 1 year	21.98%	17.24%	9.99%	6.47%	11.38%	8.11%
Average annual return 2 year	19.59%	13.56%	8.22%	8.90%	9.73%	6.20%
Average annual return 3 year	16.30%	11.14%	9.26%	8.63%	7.90%	5.53%
PORTFOLIO COMPOSITION - (%)						
Percentage of Total Assets as at 30 June:						
Bank Balances	28.07%	60.79%	86.09%	77.27%	87.62%	87.68%
Commercial paper	0.00%	0.00%	6.63%	12.48%	3.75%	11.16%
Placement with Banks and DFIs	56.63%	26.80%	0.00%	0.00%	0.00%	0.00%
GoP Ijarah	10.27%	0.00%	0.00%	0.00%	0.00%	0.00%
TFCs / Sukuks	2.98%	10.63%	5.91%	8.99%	7.99%	-
Others	2.05%	1.78%	1.37%	1.26%	0.64%	1.16%

Note:

The Launch date of the Fund is May 10, 2011

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC MONEY MARKET FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Money Market Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2024



ASSET MANAGEMENT LTD.
إيسیٹ مینجمنٹ لمیٹڈ

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Money Market 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, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

HBL Asset Management Limited
Head Office
7th Floor
Emerald Tower
G-19 Block-5,
Main Clifton Road,
Clifton, Karachi

UAN (021) 111-425-262
Fax (021) 35168455
www.hblasst.com

September 25, 2024



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, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL Islamic Money Market Fund** managed by **HBL Asset Management Limited** are Permissible 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



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
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INDEPENDENT AUDITORS' RPEORT

To the Unit holders of HBL Islamic Money Market Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HBL Islamic Money Market Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flow for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with the 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the financial statements and our auditors' report thereon.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



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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 Management and Board of Directors for the Financial Statements

Management 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 management 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, management 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.



KPMG Taseer Hadi & Co.

- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 auditors' 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 auditors' 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 the board of directors 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.



KPMG Taseer Hadi & Co.

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

Date: 28 September 2024

Karachi

UDIN: AR202410188u1KYc6tDH

A handwritten signature in blue ink, appearing to read 'Zeeshan Rashid', written over a horizontal line.

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



KPMG Taseer Hadi & Co.
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Independent Reasonable Assurance Report to the Unit Holders on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of HBL Asset Management Limited, Management Company of **HBL Islamic Money Market Fund** (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the Management Company for the year ended 30 June 2024, in the form of an independent reasonable assurance opinion 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.

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 30 June 2024.

Responsibilities of the Management Company

The Management Company is responsible for 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 in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

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 Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Our Responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance opinion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That standard requires 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 judgment, 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 an opinion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

The procedures performed included performing tests of details 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.

Opinion

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

In our opinion, the annexed statement, for the year ended 30 June 2024, 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.

Date: 28 September 2024

Karachi

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

HBL Islamic Money Market Fund
Statement of Assets and Liabilities
As at June 30, 2024

	2024	2023
Note	----- (Rupees in '000) -----	
Assets		
Bank balances	48,680,062	40,290,208
Investments	16,581,636	5,022,930
Accrued profit	219,655	377,406
Advances, deposits and other receivables	37,851	22,019
Total Assets	65,519,204	45,712,563
Liabilities		
Payable to the Management Company	65,275	38,775
Payable to the Trustee	3,497	2,140
Payable to the Securities and Exchange Commission of Pakistan	4,199	7,495
Accrued expenses and other liabilities	342,279	1,131,413
Advance against issuance of units	1,901	-
Total Liabilities	417,151	1,179,823
Net Assets	65,102,053	44,532,740
Unit Holders' fund (as per statement attached)	65,102,053	44,532,740
Contingencies and commitments	----- (Number of units) -----	
Number of units in issue	642,326,837	439,229,606
Net assets value per unit	101.3535	101.3883

The annexed notes 1 to 29 form an integral part of these financial statements

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund

Income Statement

For the year ended June 30, 2024

	2024	2023
Note	----- (Rupees in '000) -----	
Income		
Profit on deposits with banks calculated using the effective yield method	3,058,279	2,462,398
Return on investments calculated using the effective yield method	9,570,290	3,949,319
Net realised (loss) / gain on sale of investments	(1,962)	1,194
Net Unrealised appreciation on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	21,750	-
	12,648,357	6,412,911
Expenses		
Remuneration of the Management Company	480,436	210,671
Remuneration of the Trustee	37,470	23,290
Annual fee to the Securities and Exchange Commission of Pakistan	45,093	7,495
Allocation of expenses related to registrar services, accounting, operation and valuation services	51,798	39,802
Selling and marketing expense	45,734	39,802
Auditors' remuneration	566	524
Settlement and bank charges	4,109	6,040
Fee and subscription	652	625
Printing and stationery	127	57
	665,985	328,306
Net income from operating activities	11,982,372	6,084,605
Net income for the year before taxation	11,982,372	6,084,605
Taxation	-	-
Net income for the year after taxation	11,982,372	6,084,605
Allocation of net income for the year:		
Net income for the year after taxation	11,982,372	6,084,605
Income already paid on redemption of units	-	-
	11,982,372	6,084,605
Accounting income available for distribution:		
- Relating to capital gains	(1,962)	-
- Excluding capital gains	11,984,334	6,084,605
	11,982,372	6,084,605
Earnings per unit	18	

The annexed notes 1 to 29 form an integral part of these financial statements

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

Chief Financial Officer

Chief Executive Officer

Director

	2024	2023
	----- (Rupees in '000) -----	
Net income for the year after taxation	11,982,372	6,084,605
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>11,982,372</u>	<u>6,084,605</u>

The annexed notes 1 to 29 form an integral part of these financial statements

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund
Statement of Movement in Unit Holders' Fund
For the year ended June 30, 2024

Note	For the year ended June 30,					
	2024			2023		
	Capital value	Undistributed Income	Total	Capital value	Undistributed Income	Total
	(Rupees in '000)					
Net assets at beginning of the year	44,418,371	114,369	44,532,740	15,513,483	26,980	15,540,463
Issuance of 1,778,374,910 units (2023: 1,629,230,422 units)						
- Capital value (at net asset value per unit at the beginning of the period)	180,306,409	-	180,306,409	164,905,979	-	164,905,979
- Element of (loss)	(380,394)	-	(380,394)	(69,569)	-	(69,569)
Total proceeds on issuance of units	179,926,015	-	179,926,015	164,836,410	-	164,836,410
Redemption of 1,575,277,679 units (2023: 1,343,536,727 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(159,714,725)	-	(159,714,725)	(135,988,891)	-	(135,988,891)
- Element of Income	336,952	-	336,952	57,369	-	57,369
Total payments on redemption of units	(159,377,773)	-	(159,377,773)	(135,931,522)	-	(135,931,522)
Total comprehensive income for the year	-	11,982,372	11,982,372	-	6,084,605	6,084,605
Distributions during the year*	-	(11,961,301)	(11,961,301)	-	(5,997,216)	(5,997,216)
Net assets at end of the year	64,966,613	135,440	65,102,053	44,418,371	114,369	44,532,740
Undistributed income brought forward						
- Realised income		114,369			26,980	
- Unrealised income		-			-	
		114,369			26,980	
Accounting income available for distribution						
- Relating to capital gains		(1,962)			-	
- Excluding capital gains		11,984,334			6,084,605	
		11,982,372			6,084,605	
Distributions during the year*		(11,961,301)			(5,997,216)	
Undistributed income carried forward		135,440			114,369	
Undistributed income carried forward						
- Relating to realised gain		135,440			114,369	
- Relating to unrealised gain		-			-	
		135,440			114,369	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		101.3883			101.2171	
Net assets value per unit at end of the year		101.3535			101.3883	

* HBL Islamic Money Market Fund distributes dividend on daily basis on close of each business day.

The annexed notes 1 to 29 form an integral part of these financial statements

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Money Market Fund

Cash Flow Statement

For the year ended June 30, 2024

	2024	2023
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Net income for the year before taxation	11,982,372	6,084,605
Adjustments for:		
Profit on deposits with banks calculated using the effective yield method	(3,058,279)	(2,462,398)
Return on investments calculated using the effective yield method	(9,570,290)	(3,949,319)
Realised loss / (gain) on investments	1,962	(1,194)
Net unrealised appreciation on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	(-)	-
	<u>(665,985)</u>	<u>(328,306)</u>
(Increase) / decrease in assets		
Investments	<u>(11,538,918)</u>	<u>(21,142)</u>
Advances, deposits and other receivables	<u>(15,832)</u>	<u>(3,489,806)</u>
	<u>(11,554,750)</u>	<u>(3,510,948)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	<u>26,500</u>	<u>33,241</u>
Payable to the Trustee	<u>1,357</u>	<u>1,354</u>
Payable to the Securities and Exchange Commission of Pakistan	<u>(3,296)</u>	<u>5,582</u>
Accrued expenses and other liabilities	<u>(789,134)</u>	<u>1,099,525</u>
Advance against issuance of units	<u>1,901</u>	<u>-</u>
	<u>(762,672)</u>	<u>1,139,702</u>
Profit received on investment and deposits with banks	12,786,320	5,935,488
	<u>(197,087)</u>	<u>3,235,936</u>
Net cash (used in) / generated from operating activities		
Cash flows from financing activities		
Proceeds from issuance of units	<u>179,926,015</u>	<u>164,836,410</u>
Payments on redemption of units	<u>(159,377,773)</u>	<u>(5,997,216)</u>
Cash distribution	<u>(11,961,301)</u>	<u>(5,997,216)</u>
Net cash generated from financing activities	<u>8,586,941</u>	<u>22,907,672</u>
	<u>8,389,854</u>	<u>26,143,608</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the year	<u>40,290,208</u>	<u>14,146,600</u>
Cash and cash equivalents at end of the year	<u>48,680,062</u>	<u>40,290,208</u>

The annexed notes 1 to 29 form an integral part of these financial statements

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

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Islamic Money Market Fund (the Fund) was established under a Trust Deed, dated November 23, 2010, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on December 10, 2010.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at 'par from May 9, 2011 to May 10, 2011.
- 1.4 The fund has been categorised as a Shariah Compliant Money Market fund as per the criteria laid down by SECP for categorisation of open-end Collective Investment Scheme (CISs).
- 1.5 The principal activity of the Fund is to seek high liquidity and competitive Shariah Compliant return for investors by investing in low risk securities of shorter duration and maturity.
- 1.6 VIS Credit Rating Company has reaffirmed a management quality rating to 'AM1' (Stable outlook) of the Management Company on December 29, 2023 (2023: AM1 dated on December 30, 2022).
- 1.7 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Standards and amendments effective during the year

The Fund has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from July 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies information disclosed in the annual audited financial statements for the year ended June 30, 2023.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on July 1, 2023 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial information.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a fund must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the fund must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, funds will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. These amendments also specify the transition requirements for funds that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a fund to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the fund's liabilities and cash flows, and the fund's exposure to liquidity risk. Under the amendments, funds also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a fund might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after January 1, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- Lack of Exchangeability (amendments to IAS 21) clarify:
 - when a currency is exchangeable into another currency; and
 - how a company estimates a spot rate when a currency lacks exchangeability

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used ;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

- Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The above amendments and improvements have no impact on the financial statements of the Fund.

2.4 Critical accounting estimates and judgements

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, judgements and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification of financial assets (Note 3.6 (i))
- (b) impairment of financial assets (Note 3.6 (iv))
- (c) provisions (Note 3.13)

2.5 Basis of Measurement

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

2.6 Functional and presentation currency

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all the years presented.

3.1 Cash and cash equivalent

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 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.

3.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

3.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

3.5 Offsetting of financial assets and financial liabilities

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

3.6 Financial assets

i. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

ii. Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. 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 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.

b) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

iii. Reclassifications

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

iv. Impairment of financial assets

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund.

3.7 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial Liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial Liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortized cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value .

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

3.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchange and other expenses. These costs are amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund and NBFC regulations, 2008.

3.8 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.9 Issuance and redemption of units

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

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.10 Revenue recognition

- Mark-up on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on mark to market 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.

3.11 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of at least ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

Funds account for deferred tax using the balance sheet method on all temporary differences between the amounts used for financial reporting purposes and amounts used for tax purposes. In addition, Funds also record deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders' every year.

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.

3.12 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee, annual fee payable to the SECP and selling and marketing expense) are recognised in the Income Statement on an accrual basis.

3.13 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 reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.14 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net assets value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unit holders' fund.

3.15 Net assets value per unit

The net assets value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.16 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.17 Distributions

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

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

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

3.18 Other assets

Other assets are stated at cost less impairment losses, if any.

4. BANK BALANCES	Note	2024	2023
----- (Rupees in '000) -----			
Balances with banks in:			
Savings accounts	4.1	18,587,915	28,205,208
Certificate of Musharakah	4.2	<u>30,092,147</u>	<u>12,085,000</u>
		<u>48,680,062</u>	<u>40,290,208</u>

4.1 This represents bank balances held with different banks. Profit rates on these accounts range between 6% and 21.35% per annum (June 30, 2023: between 5.50% and 20.85% per annum).

4.2 This amount consists of Certificates of Musharakah placed with Pak Kuwait Investment Company Limited, United Bank Limited - Ameen Islamic Banking and Faysal Bank Limited of Rs. 8,621 million, 9,500 million and 2,000 million respectively (2023: United Bank Limited - Ameen Islamic Banking of Rs. 6,300 million) and Islamic Term Deposit Receipts placed with Bank Alfalah Limited -Islamic Banking and Askari Bank Limited - Islamic Banking of Rs. 1,000 million and Rs. 8,971 million respectively (2023: Bank Alfalah Limited - Islamic Banking 5,785 million) which is due to be matured within one month of the current year-end and carries profit rate range between 19.6% to 19.8%.

5. INVESTMENTS	Note	2024	2023
----- (Rupees in '000) -----			
Investment by category			
Financial assets at amortised cost			
Bai Muajjal	5.1	7,632,172	-
Sukuk certificates	5.2	2,144,206	5,022,930
Financial asset at fair value through profit and loss			
Gop Ijarah Sukuk	5.3	<u>6,805,258</u>	-
		<u>16,581,636</u>	<u>5,022,930</u>

5.1 Bai Muajjal - at amortised cost

	Maturity date	Rate of return	As at July 1, 2023	Placements made during the year	Income accrued	Matured / Sold during the year	As at June 30, 2024	Carrying value as a percentage of	
								Total investments	Net Assets
								----- (%) -----	
								(Rupees in '000)	
Pak Oman Investment Company Limited	August 7, 2023	21.35%	-	332,245	6,025	338,270	-	-	-
Pak Oman Investment Company Limited	August 7, 2023	21.35%	-	801,973	14,542	816,515	-	-	-
Pak Oman Investment Company Limited	August 10, 2023	21.35%	-	803,417	14,568	817,985	-	-	-
Pak Oman Investment Company Limited	August 10, 2023	21.35%	-	332,822	6,035	338,857	-	-	-
Pak Kuwait Investment Company Limited	August 11, 2023	21.40%	-	803,898	14,611	818,509	-	-	-
Pak Kuwait Investment Company Limited	August 11, 2023	21.40%	-	333,014	6,053	339,067	-	-	-
Pak Kuwait Investment Company Limited	August 15, 2023	21.40%	-	333,206	6,642	339,848	-	-	-
Pak Kuwait Investment Company Limited	August 15, 2023	21.40%	-	804,379	16,035	820,414	-	-	-
Pak Oman Investment Company Limited	September 7, 2023	21.28%	-	234,590	4,240	238,830	-	-	-
Pak Oman Investment Company Limited	September 7, 2023	21.28%	-	816,891	14,764	831,655	-	-	-
Pak Oman Investment Company Limited	September 11, 2023	21.28%	-	235,019	4,385	239,404	-	-	-
Pak Oman Investment Company Limited	September 11, 2023	21.28%	-	818,335	15,267	833,602	-	-	-
Pak Kuwait Investment Company Limited	September 12, 2023	21.28%	-	235,162	4,387	239,549	-	-	-
Pak Kuwait Investment Company Limited	September 12, 2023	21.28%	-	818,816	15,276	834,092	-	-	-
Pak Kuwait Investment Company Limited	September 15, 2023	21.28%	-	235,735	4,261	239,996	-	-	-
Pak Kuwait Investment Company Limited	September 15, 2023	21.28%	-	820,741	14,834	835,575	-	-	-
Pak Kuwait Investment Company Limited	October 19, 2023	21.30%	-	830,196	15,019	845,215	-	-	-
Pak Kuwait Investment Company Limited	October 19, 2023	21.30%	-	970,575	17,558	988,133	-	-	-
Pak Kuwait Investment Company Limited	October 19, 2023	21.30%	-	545,975	9,877	555,852	-	-	-
Pak Kuwait Investment Company Limited	October 20, 2023	21.30%	-	834,092	15,089	849,181	-	-	-
Pak Kuwait Investment Company Limited	October 20, 2023	21.30%	-	991,003	17,928	1,008,931	-	-	-
Pak Kuwait Investment Company Limited	October 20, 2023	21.30%	-	971,149	17,568	988,717	-	-	-
Pak Kuwait Investment Company Limited	October 20, 2023	21.30%	-	240,743	4,355	245,098	-	-	-
Pak Kuwait Investment Company Limited	October 20, 2023	21.30%	-	546,297	9,883	556,180	-	-	-
Pak Brunei Investment Company Limited	November 6, 2023	21.25%	-	980,329	18,264	998,593	-	-	-
Pak Kuwait Investment Company Limited	November 6, 2023	21.25%	-	243,032	4,528	247,560	-	-	-
Pak Kuwait Investment Company Limited	November 6, 2023	21.25%	-	551,441	10,273	561,714	-	-	-
Pak Brunei Investment Company Limited	November 6, 2023	21.25%	-	980,903	17,703	998,606	-	-	-
Pak Brunei Investment Company Limited	November 6, 2023	21.25%	-	243,175	4,389	247,564	-	-	-
Pak Brunei Investment Company Limited	November 6, 2023	21.25%	-	551,763	9,958	561,721	-	-	-
Pak Kuwait Investment Company Limited	November 10, 2023	21.30%	-	982,624	18,350	1,000,974	-	-	-
Pak Kuwait Investment Company Limited	November 10, 2023	21.30%	-	243,604	4,549	248,153	-	-	-
Pak Kuwait Investment Company Limited	November 10, 2023	21.30%	-	552,727	10,322	563,049	-	-	-
Pak Kuwait Investment Company Limited	April 29, 2024	21.10%	-	920,795	96,878	1,017,673	-	-	-
Pak Kuwait Investment Company Limited	April 29, 2024	21.10%	-	529,969	55,759	585,728	-	-	-
Pak Brunei Investment Company Limited	May 6, 2024	21.00%	-	2,569,329	269,040	2,838,369	-	-	-
Pak Brunei Investment Company Limited	May 6, 2024	21.00%	-	1,027,732	107,616	1,135,348	-	-	-
Pak Brunei Investment Company Limited	May 6, 2024	21.00%	-	1,027,732	107,616	1,135,348	-	-	-
Pak Oman Investment Company Limited	May 7, 2024	21.10%	-	4,629,051	487,027	5,116,078	-	-	-
Pak Brunei Investment Company Limited	May 20, 2024	20.90%	-	2,992,563	311,866	3,304,429	-	-	-
Pak Oman Investment Company Limited	June 11, 2024	21.15%	-	1,017,806	18,873	1,036,679	-	-	-
Pak Oman Investment Company Limited	June 11, 2024	21.15%	-	3,529,580	65,447	3,595,027	-	-	-
Pak Oman Investment Company Limited	June 14, 2024	21.15%	-	1,287,799	23,879	1,311,678	-	-	-
Pak Oman Investment Company Limited	June 14, 2024	21.15%	-	1,288,516	23,146	1,311,662	-	-	-
Pak Oman Investment Company Limited	June 14, 2024	21.15%	-	2,147,527	38,576	2,186,103	-	-	-
Pak Oman Investment Company Limited	June 14, 2024	21.15%	-	751,982	13,072	765,054	-	-	-
Pak Brunei Investment Company Limited	July 12, 2024	21.15%	-	3,244,478	97,761	-	3,342,239	20.16	5.13
Pak Brunei Investment Company Limited	July 12, 2024	21.15%	-	2,703,732	81,468	-	2,785,200	16.80	4.28
Pak Brunei Investment Company Limited	July 15, 2024	21.05%	-	1,472,464	32,269	-	1,504,733	9.07	2.31
			-	51,160,926	2,197,831	45,726,585	7,632,172	46.03	11.7

5.2 Sukuks certificate - at amortised cost

	Maturity date	Tenor	As at July 1, 2023	Purchased during the year	Income accrued	Matured / Sold during the year	As at June 30, 2024	Carrying value as a percentage of	
								Total investments	Net Assets
								----- (%) -----	
								(Rupees in '000)	
K-Electric Limited - Short Term Sukuk - 13	August 9, 2023	6 month KIBOR +1.00%	304,000	-	7,686	311,686	-	-	-
K-Electric Limited - Short Term Sukuk - 14	August 9, 2023	6 month KIBOR +0.12%	-	450,000	-	450,000	-	-	-
K-Electric Limited - Short Term Sukuk - 14	August 9, 2023	6 month KIBOR +0.12%	-	300,000	-	300,000	-	-	-
Lucky Electric Power Company Limited-16	August 15, 2024	6 month KIBOR +0.15%	-	1,000,000	80,745	-	1,080,745	6.52	1.66
K-Electric Limited - Short Term Sukuk - 15	September 21, 2023	6 month KIBOR +0.50%	750,000	-	38,029	788,029	-	-	-
The China Power Hub Company Limited - 28-March-23	September 28, 2023	6 month KIBOR +0.55%	890,000	-	51,857	941,857	-	-	-
Lucky Electric Power Company Limited - Sukuk-8	September 29, 2023	6 month KIBOR +0.55%	750,000	-	43,052	793,052	-	-	-
Lucky Electric Power Company Limited - Sukuk-10	October 30, 2023	6 month KIBOR +0.5%	500,000	-	38,852	538,852	-	-	-
Hub Power Company Limited - 18 May 2023	November 17, 2023	6 month KIBOR +0.3%	900,000	-	79,664	979,664	-	-	-
K-Electric Limited - Short Term Sukuk - 17	November 17, 2023	6 month KIBOR +0.45%	223,000	-	19,866	242,866	-	-	-
Lucky Electric Power Company Limited - 13-June-23	December 13, 2023	6 month KIBOR +0.5%	480,000	-	50,882	530,882	-	-	-
Lucky Electric Power Company Limited-12	February 15, 2024	6 month KIBOR +0.5%	-	1,050,000	125,225	-	1,175,225	-	-
Lucky Electric Power Company Limited-15	June 28, 2024	6 month KIBOR +0.3%	-	900,000	98,098	-	998,098	-	-
Pakistan Telecommunication Company Limited	July 18, 2024	6 month KIBOR +0.15%	-	972,000	91,461	-	1,063,461	6.41	1.63
			4,797,000	4,672,000	725,417	8,050,211	2,144,206	12.93	3.29

5.3 GoP Ijarah Sukuk-Fair Value through profit and loss

Maturity date	Tenor	As at July 1, 2023	Purchased during the year	Income accrued	Matured / Sold during the year	Carrying Value as at June 30, 2024	Market Value as at June 30, 2024	Market value as a percentage of	
								Total investments	Net Assets
								----- (%) -----	
								(Rupees in '000)	
25-Jan-24	1 Year	-	1,475,600	124,686	-	1,600,285	1,588,177	9.58	2.44
25-Apr-24	1 Year	-	5,002,326	180,897	-	5,183,223	5,217,081	31.46	8.01
22-May-24	1 Year *	-	20,000	694	20,000	-	-	-	-
		-	6,497,926	306,277	20,000	6,783,508	6,805,258	41.04	10.45

*The Fund purchased a GoP Ijarah from HBL Islamic Pension Fund amounting to Rs. 21.537 million, which had a face value of Rs. 20 million.

6. ACCRUED PROFIT	Note	2024 ----- (Rupees in '000) -----	2023
Profit accrued on bank deposits		88,895	241,272
Profit accrued on certificate of musharakah		130,760	136,134
		<u>219,655</u>	<u>377,406</u>

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Prepaid annual rating fee		95	85
Security deposit with the Trustee		100	100
Other receivable		18,782	17,403
Advance tax	7.1	18,874	4,431
		<u>37,851</u>	<u>22,019</u>

7.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(8) of Part IV of Second Schedule to the ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.I (431 DG) WHT) / 2008-Vol.11- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159(1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, 150A and 151 of ITO 2001, which has been recorded as receivable from the Tax Department in these financial statements. Refund of these amounts have been / will be claimed while filing the Income Tax Return of the respective tax year(s) in which these were deducted. The management is confident that the same shall be duly refunded.

8. PAYABLE TO THE MANAGEMENT COMPANY

8.	Note	2024 ----- (Rupees in '000) -----	2023
In respect of:			
Management fee	8.1	47,543	24,104
Sindh Sales Tax on management fee	8.2	6,181	3,134
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.3	-	2,094
Sales load payable		4,290	1,115
Selling and Marketing expense payable		7,261	8,328
		<u>65,275</u>	<u>38,775</u>

8.1 As per SECP S.R.O. 639 (I)/2019 dated June 20, 2019, there has been amendment in NBFC regulation no. 61, in which limits over management fee had been removed and directed that the asset management company shall disclose in the offering document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. Further, the asset management company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document and such actual rate shall be disclosed in Fund Manager Report (FMR). The management fee expense charged by the asset management company varied between 0.65% to 0.845% (2023: 0.2% to 0.7%) during the year.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 SECP through its S.R.O. 639 (I)/2019 dated June 20, 2019 has made an amendment in NBFC regulation no. 60 (3) point (s) and (v), in which limits to allocate fee and expenses pertaining to registrar services, accounting, operation, valuation services and selling and marketing expenses had been removed. Accordingly, the selling and marketing expense charged by the fund varied between 0% to 0.12% per annum (2023: 0.05% to 0.175%) and allocation of expenses pertaining to registrar services, accounting, operation, valuation services varied between 0% to 0.165% per annum (2023: 0.05% to 0.175%) of net assets of the Fund.

9. PAYABLE TO THE TRUSTEE	Note	2024 ----- (Rupees in '000) -----	2023
Trustee fee	9.1	3,095	1,894
Sindh Sales Tax	9.2	402	246
		<u>3,497</u>	<u>2,140</u>

9.1 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 in, based on the daily Net Asset Value (NAV) of the Fund. With effect from October 01, 2021 the tariff is 0.055% per annum of Net Assets.

9.2 The Sindh Government has levied Sindh Sales Tax on services at the rate of 13% (2023: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ----- (Rupees in '000) -----	2023
Annual fee	10.1	4,199	7,495

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

11. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 ----- (Rupees in '000) -----	2023
Auditors' remuneration		406	387
Federal Excise Duty	11.1	2,185	2,185
Withholding tax payable		313,481	90,214
Other payables		25,897	1,038,269
Capital gain tax payable		3	51
Unclaimed dividend		307	307
		<u>342,279</u>	<u>1,131,413</u>

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

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs.2.185 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the net asset value of the Fund would have been higher by Rs.0.0034 (2023: Rs.0.0050)

12. This represents the amount received from unitholders for issuance of units but the units have not yet been issued.

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as on June 30, 2024.

14. NUMBER OF UNITS IN ISSUE

	2024	2023
	----- (Number of units) -----	
Total units in issue at the beginning of the year	439,229,606	153,535,911
Add: Units issued during the year	1,778,374,910	1,629,230,422
Less: Units redeemed during the year	<u>(1,575,277,679)</u>	<u>(1,343,536,727)</u>
Total units in issue at the end of the year	<u>642,326,837</u>	<u>439,229,606</u>

15. RETURN ON INVESTMENTS CALCULATED USING THE EFFECTIVE YIELD METHOD

	2024	2023
	----- (Rupees in '000) -----	
Sukuk certificates	1,031,694	847,099
Certificate of Musharakah	6,340,768	2,227,147
Bai Muajjal	<u>2,197,828</u>	<u>875,073</u>
	<u>9,570,290</u>	<u>3,949,319</u>

16. AUDITORS' REMUNERATION

Annual audit fee	395	306
Fee for half yearly review	70	54
Other certifications and out of pocket expenses	<u>101</u>	<u>164</u>
	<u>566</u>	<u>524</u>

17. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. 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. During the year, Fund has distributed dividend on daily basis on close of each business day equivalent to atleast 90 percent of the aforementioned accounting income for the year to its unit holders. Since, the Fund has distributed more than 90 percent of its aforementioned accounting income, no provision for taxation has been recognised in these financial statements.

18. EARNINGS PER UNIT

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

18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

Transactions during the year	2024	2023
	----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company		
Management Fee	425,165	186,435
Sales tax on Management Fee	55,271	24,236
Allocation of expenses related to registrar services, accounting, operation and valuation services	51,798	39,802
Selling and marketing expense	45,734	39,802
Issuance of 8,351,915 units (2023: Nil units)	845,000	-
Redemption 6,305,943 of units (2023: Nil units)	638,000	-
Dividend of 95,278 units (2023 Nil units) - net	9,640	-
Habib Bank Limited - Sponsor		
Bank charges paid	1,119	986
Profit on bank deposits earned	150,941	5,065
Executive and Key management personnel		
Issuance of 392,200 units (2023: 102,926 units)	35,268	20,818
Conversion in of Nil units (2023: 11,678 units)	-	1,182
Conversion out of Nil units (2023: 31,347 units)	-	3,172
Redemption of 358,144 units (2023:122,774 units)	31,131	13,040
Dividend of 34,848 units (2023 : 26,840 units) - net	4,192	2,366
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	33,159	20,611
Sales tax on Trustee remuneration	4,311	2,679
Pakistan Petroleum Limited -Associate		
Issuance of 73,160,799 units (2023: Nil units)	7,402,000	-
Dividend of 1,850,280 units (2023: Nil units) - net	187,201	-
MCBFSL Trustee HBL Islamic Financial Planning Fund - Active Allocation Plan (Associate)		
Issuance of Nil units (2023: 2,217,1512 units)	-	224,319
Redemption of 10,414 units (2023: 3,510,230 units)	1,054	355,145
Dividend of 759 units (2023 : 107,337 units) -net	76	10,870
MCBFSL Trustee HBL Islamic Financial Planning Fund - Conservative Allocation Plan (Associate)		
Issuance of Nil units (2023: 1,590 units)	-	161
Redemption of 1,519 units (2023: 496 units)	154	50
Dividend of 109 units (2023: 97 units) - net	11	10

	2024	2023
	----- (Rupees in '000) -----	
Archroma Pakistan Limited - Employees Gratuity Fund - Associate		
Issuance of 1,021,143 units (2023: Nil units)	103,314	-
Redemption of 494,196 units (2023: Nil units)	50,000	-
Conversion out 365 units (2023:665,074 units)	36,815	67,288
Dividend of 34,770 units (2023 : 43,380 units) - net	3,518	4,189
HBL Asset Management Limited Employees Gratuity Fund - Associate		
Issuance of 165,951 units (2023: 46,454 units)	16,790	4,700
Redemption of 108,723 units (2023: Nil units)	11,000	-
Dividend of 21,488 units (2023 : 4,754 units) - net	2,174	481
HBL Asset Management Limited Employees Provident Fund - Associate		
Issuance of 214,342 units (2022: 158,143 units)	21,686	16,000
Redemption of 148,249 units (2023: Nil units)	15,000	-
Dividend of 46,401 units (2023 : 16,170 units) - net	4,695	1,636
HBL Islamic Pension Fund		
Purchase of Gop Ijarah	21,537	-
18.1 Balances outstanding as at year end	2024	2023
	----- (Rupees in '000) -----	
HBL Asset Management Limited - Management Company		
Management Fee Payable	47,543	24,104
Sales Tax on Management Fee	6,181	3,134
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	2,094
Sale load payable	4,290	1,115
Selling and marketing cost	7,261	8,328
Investment held in the Fund: 2,141,250 units (June 30, 2023 : Nil units)	217,023	-
Habib Bank Limited - Sponsor		
Bank balances	1,844,737	286,703
Central Depository Company of Pakistan Limited - Trustee		
Trustee Remuneration Payable	3,095	1,894
Sales Tax on Trustee Remuneration Payable	402	246
Executive and Key management personnel		
Investment held in the Fund: 245,343 units (June 30, 2023 : 176,439 units)	24,866	17,889
MCBFSL Trustee HBL Islamic Financial Planning Fund - Active Allocation Plan (Associate)		
Investment held in the Fund: Nil units units (June 30, 2023 : 9,655 units)	-	980
MCBFSL Trustee HBL Islamic Financial Planning Fund - Conservative Allocation Plan (Associate)		
Investment held in the Fund: Nil units (June 30,2023:1,410 units)	-	143
HBL Asset Management Limited Employees Gratuity Fund - Associate		
Investment held in the Fund: 129,921 units (June 30, 2023: 51,205 units)	13,168	5,192
HBL Asset Management Limited Employees Provident Fund - Associate		
Investment held in the Fund: 286,797 units (June 30, 2023: 174,303 units)	29,068	17,673
Archroma Pakistan Limited - Employees Gratuity Fund - Associate		
Investment held in the Fund: 561,711 units (June 30, 2023: 359 units)	56,931	36
Pakistan Petroleum Limited - Associate		
Investment held in the Fund: 75,011,080 units (June 30, 2023: Nil units)	7,602,635	-

* Investors who were reported as Connected Persons due to holding more than 10% units of Fund in the comparative year but does not hold at least 10% units of the Fund at the end of current year are not reported as related party.

19. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management 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.

19.1 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 Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk; currency risk, profit rate risk and price risk.

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

19.1.2 Profit rate risk

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

a) Cash flow profit rate risk

As at June 30, 2024, the Fund hold balances in bank accounts, certificates of musharakah and sukuks that could expose the Fund to cashflow profit rate risk which are classified as amortised cost. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2024, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

	2024	2023
	----- (Rupees in '000) -----	
Exposure		
Bank	<u>18,587,915</u>	<u>28,205,208</u>
balances		
	Effect on total	
	comprehensive income and	
	net assets	
	2024	2023
	----- (Rupees in '000) -----	
100	<u>185,879</u>	<u>282,052</u>
(100)	<u>(185,879)</u>	<u>(282,052)</u>

19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund, currently, does not have any financial instruments which are subject to price risk.

19.2 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 counter party to fulfil 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, balances with banks. 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.

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 Management Company.

The maximum exposure to credit risk before considering any collateral as at June 30, 2024 and June 30, 2023 is the carrying amount of the financial assets.

The analysis below summarises the credit quality of the Fund's bank balances and investment in debt securities as at June 30, 2024 and June 30, 2023:

Balances with banks by rating category

Name of bank	2024		Amount (Rupees in '000)
	Rating agency	Rating	
Habib Bank Limited	VIS	AAA	1,844,737
Allied Bank Limited	PACRA	AAA	61
MCB Bank Limited	PACRA	AAA	40
Meezan Bank Limited	VIS	AAA	27
United Bank Limited	VIS	AAA	2,292,667
National Bank of Pakistan	VIS	AAA	4,901,026
Bank AL Habib Limited	PACRA	AAA	3,408
Askari Bank Limited	PACRA	AA+	404
Habib Metropolitan Bank Limited	PACRA	AA+	200
Bank Alfalah Limited	PACRA	AAA	106
Faysal Bank Limited	VIS	AA	9,545,180
Dubai Islamic Bank Pakistan Limited	VIS	AA	24
Soneri Bank Limited	PACRA	AA-	36
			18,587,915

Name of bank	2023		
	Rating agency	Rating	Amount (Rupees in '000)
Habib Bank Limited	VIS	AAA	271,226
Allied Bank Limited	PACRA	AAA	1,000,883
MCB Bank Limited	PACRA	AAA	40
Meezan Bank Limited	VIS	AAA	168
United Bank Limited	VIS	AAA	11,755,451
National Bank of Pakistan	VIS	AAA	5,761,942
Bank AL Habib Limited	PACRA	AAA	20,120
Askari Bank Limited	PACRA	AA+	45
Habib Metropolitan Bank Limited	PACRA	AA+	168
Bank Alfalah Limited	PACRA	AA+	2,008,237
Faysal Bank Limited	VIS	AA	7,386,072
Dubai Islamic Bank Pakistan Limited	PACRA	AA	238
Soneri Bank Limited	PACRA	AA-	607
Summit Bank Limited	VIS	Suspended	11
			<u>28,205,208</u>

Investments by Rating Category (Entity Rating)

Investments	2024		
	Rating agency	Rating	Amount (Rupees in '000)
Sukuk certificates			
Lucky Electric Power Company Limited-XVI	PACRA	AA	1,000,000
Pakistan Telecommunication Company Limited	VIS	AAA	972,000
			<u>1,972,000</u>
Certificate of Musharakah			
United Bank Limited- Ameen Islamic Banking	VIS	AAA	9,500,000
Faysal Bank Limited	VIS	AA	2,000,000
Pak Kuwait Investment Company Limited	PACRA	AAA	8,621,000
			<u>20,121,000</u>
Islamic Term Deposit Receipts			
Bank Alfalah Limited- Islamic Banking	PACRA	AAA	1,000,000
Askari Bank Limited- Islamic Banking	PACRA	AA+	8,971,000
			<u>9,971,000</u>

Investments	2023		Amount (Rupees in '000)
	Rating agency	Rating	
Sukuk certificates			
K-Electric Limited - Short Term Sukuk - XIII	PACRA	AA	304,000
K-Electric Limited - Short Term Sukuk - XV	PACRA	AA	750,000
K-Electric Limited - Short Term Sukuk - XVII	PACRA	AA	223,000
Lucky Electric Power Company Limited - Sukuk-8	PACRA	AA	750,000
Lucky Electric Power Company Limited - Sukuk-10	PACRA	AA	500,000
Hub Power Company Limited - 18 May 2023	PACRA	AA+	900,000
The China Power Hub Company Limited - 28-March-23	PACRA	AA+	890,000
Lucky Electric Power Company Limited - 13-June-23	PACRA	AA	480,000
			4,797,000
Certificate of Musharakah			
United Bank Limited- Ameen Islamic Banking	VIS	AAA	6,300,000
			6,300,000
Islamic Term Deposit Receipts			
Bank Alfalah Limited- Islamic Banking	PACRA	AA+	5,785,000
			5,785,000

19.2.1 Concentration of Credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. 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.

19.3 Liquidity risk

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

The Fund is exposed to daily cash redemptions of units. The Management Company manages the liquidity risk by monitoring maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of 10% 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 10% of the units then in issue. The Fund did not withhold any redemptions during the year.

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

	2024			Total
	Upto three months	More than three months and upto one year	More than one year	
	----- (Rupees in '000) -----			
Liabilities				
Payable to the Management Company	65,275	-	-	65,275
Payable to the Trustee	3,497	-	-	3,497
Accrued expenses and other liabilities	340,094	-	-	340,094
	408,866	-	-	408,866
Unit holders' fund	65,102,053	-	-	65,102,053
	----- (Rupees in '000) -----			
	2023			
	Upto three months	More than three months and upto one year	More than one year	Total
	----- (Rupees in '000) -----			
Liabilities				
Payable to the Management Company	38,775	-	-	38,775
Payable to the Trustee	2,140	-	-	2,140
Accrued expenses and other liabilities	1,129,228	-	-	1,129,228
	1,170,143	-	-	1,170,143
Unit holders' fund	44,532,740	-	-	44,532,740

19.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards;

19.5 Unit holders' fund risk management (Capital risk management)

The Fund's objective when managing unit holder's funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

In order to maintain or adjust the unit holders' Fund structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the management company critically track the movement of 'Assets under Management'. The Board of Directors is updated about the Fund yield and movement of NAV and total Fund size at the end of each quarter.

20. FAIR VALUE AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

		2024							
		Carrying amount			Fair value				
		Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total	
Note		(Rupees in '000)							
Financial instruments									
Financial assets measured at fair value									
	Gop Ijarah Sukuks	20.1	6,805,258	-	6,805,258	6,805,258	-	-	6,805,258
Financial assets not measured at fair value									
	Sukuk certificates	20.2	-	2,144,206	2,144,206				
	Bai Muajjal		-	7,632,172	7,632,172				
	Bank balances		-	48,680,062	48,680,062				
	Accrued profit		-	219,655	219,655				
	Advances, deposits and other receivables		-	37,756	37,756				
			<u>6,805,258</u>	<u>58,713,851</u>	<u>65,519,109</u>				
Financial liabilities not measured at fair value									
	Payable to Management Company		-	65,275	65,275				
	Payable to Trustee		-	3,497	3,497				
	Accrued expenses and other liabilities		-	340,094	340,094				
			<u>-</u>	<u>408,866</u>	<u>408,866</u>				
		2023							
		Carrying amount			Fair value				
		Fair value through profit or loss	At Amortised cost	Total	Level 1	Level 2	Level 3	Total	
Note		(Rupees in '000)							
Financial instruments									
Financial assets not measured at fair value									
	Sukuk certificates		-	5,022,930	5,022,930				
	Bank balances		-	40,290,208	40,290,208				
	Accrued mark-up on bank deposits		-	377,406	377,406				
	Advances, deposits and other receivables		-	21,934	22,019				
			<u>-</u>	<u>45,712,478</u>	<u>45,712,563</u>				
Financial liabilities not measured at fair value									
	Payable to Management Company	22.2	-	38,775	38,775				
	Payable to Trustee		-	2,140	2,140				
	Accrued expenses and other liabilities		-	1,129,228	1,129,228				
			<u>-</u>	<u>1,170,143</u>	<u>1,170,143</u>				

- 20.1 Investment in Gop Ijarah Sukuks are valued on the basis of rates announced by the Pakistan Stock Exchange.
- 20.2 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 20.3 Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

21. FINANCIAL INSTRUMENTS BY CATEGORY

	2024		
	At fair value through profit or loss	At Amortised cost	Total
	----- (Rupees in '000) -----		
Financial Assets			
Sukuk Certificates	-	2,144,206	2,144,206
Gop Ijarah Sukuks	6,805,258	-	6,805,258
Bai Muajjal	-	7,632,172	7,632,172
Bank balances	-	48,680,062	48,680,062
Accrued mark-up on banks	-	219,655	219,655
Advances, deposits and other receivables	-	37,756	37,756
	<u>6,805,258</u>	<u>58,713,851</u>	<u>65,519,109</u>
Financial Liabilities			
Payable to the Management Company	-	65,275	65,275
Payable to the Trustee	-	3,497	3,497
Accrued expenses and other liabilities	-	340,094	340,094
	<u>-</u>	<u>408,866</u>	<u>408,866</u>

	2023		
	At fair value through profit or loss	At Amortised cost	Total
	----- (Rupees in '000) -----		
Financial Assets			
Sukuk Certificates	-	5,022,930	5,022,930
Bank balances	-	40,290,208	40,290,208
Accrued mark-up on banks	-	377,406	377,406
Advances, deposits and other receivables	-	21,934	21,934
	<u>-</u>	<u>45,712,478</u>	<u>45,712,478</u>
Financial Liabilities			
Payable to the Management Company	-	38,775	38,775
Payable to the Trustee	-	2,140	2,140
Accrued expenses and other liabilities	-	1,129,228	1,129,228
	<u>-</u>	<u>1,170,143</u>	<u>1,170,143</u>

22. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

In order to maintain or adjust the unit holders' Fund structure, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g., yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

23. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2024, are as follows:

S.No.	Name of Members	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSc	25
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	29
3	Rahat Saeed Khan	Head of Fixed Income	MBA	27
4	Imad Ansari	Head of Risk	MBA	17
5	Ahsan Ali	Head of Research	CFA,	8
7	Raza Abbas	Senior Fund Manager	M.Com	21

* They are Joint Fund Managers of all other HBL funds managed by Management Company.

24. PATTERN OF UNIT HOLDING

	2024			
	Number of unit holders	Units held	Investment amount (Rupees in '000)	Percentage investment
Individuals	7,481	156,587,283	15,870,649	24.38%
Associated companies	4	2,557,968	259,259	0.40%
Trusts	30	6,672,546	676,286	1.04%
Insurance Companies	20	3,903,093	395,592	0.61%
Retirement funds	45	8,048,038	815,697	1.25%
NBFCs	3	777,142	78,766	0.12%
Banks / DFIs	-	-	-	0.00%
Others	185	463,780,767	47,005,804	72.20%
	7,768	642,326,837	65,102,053	100.00%
	2023			
	Number of unit holders	Units held	Investment amount (Rupees in '000)	Percentage investment
Individuals	5,458	124,314,481	12,604,030	28.3%
Associated companies	3	225,517	22,865	0.1%
Trusts	16	2,845,561	288,507	0.7%
Insurance Companies	13	5,088,901	515,955	1.2%
Retirement funds	34	6,583,449	667,485	1.5%
Banks / DFIs	-	-	-	0.0%
Others	127	300,171,697	30,433,898	68.3%
	5,651	439,229,606	44,532,740	100.0%

25. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

Six meetings of the Board of Directors were held on August 25, 2023, October 20, 2023, October 27, 2023, January 25, 2024, February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

	Name of Director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar	6	6	-	-
2	Ms. Ava A. Cowasjee	6	6	-	-
3	Mr. Rayomond H. Kotwal	6	5	1	October 27, 2023
4	Mr. Abrar Ahmed Mir	6	6	-	-
5	Mr. Tariq Masaud	6	6	-	-
6	Mr. Abid Sattar	6	6	-	-
7	Mr. Khalid Malik	6	6	-	-

26. TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2024 is 1.11% (June 30, 2023: 0.88%) which includes 0.18% (June 30, 2023: 0.09%) representing government levy and SECP fee.

27. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation, the effect of which is not material.

28. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

29. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Asset Allocation Fund

NAME OF FUND	HBL ISLAMIC ASSET ALLOCATION FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	KPMG Taseer Hadi & Co., Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Habib Bank Limited Bank Al Habib Limited Dubai Islamic Bank Limited Askari Bank Limited Soneri Bank Limited Allied Bank Limited Bank Islami Pakistan Limited Al Baraka Bank Pakistan Limited MCB Islamic Bank Limited National Bank Limited The Bank of Khyber Faysal Bank Limited U Microfinance Bank Limited Meezan Bank Limited Bank Alfalah Limited

FUND MANAGER'S REPORT – HBL ISLAMIC ASSET ALLOCATION FUND

Type and Category of Fund

Open end Shariah Complaint Asset Allocation Fund

Investment Objective and Accomplishment of Objective

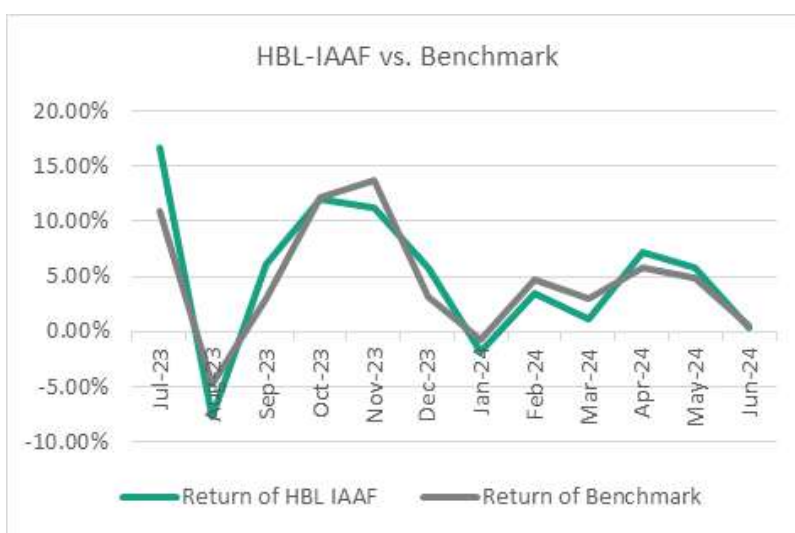
The objective of the Fund is to provide superior returns through investments in Shariah Complaint equity securities and Shariah Compliant income /money market instruments.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is Weighted average daily return of KMI30 and 6M deposit rate of A rated (and above) Islamic Banks or Islamic Banking windows of scheduled commercial banks, based on the actual proportion held by the scheme.

The comparison of the fund return with benchmark is given below:

Month	Return of Fund	
	HBL-IAAF	Benchmark
Jun-24	0.41%	0.57%
May-24	5.86%	4.85%
Apr-24	7.24%	5.73%
Mar-24	1.11%	2.96%
Feb-24	3.54%	4.68%
Jan-24	-1.83%	-0.78%
Dec-23	5.84%	3.21%
Nov-23	11.31%	13.68%
Oct-23	12.04%	12.11%
Sep-23	6.19%	2.98%
Aug-23	-7.76%	-4.71%
Jul-23	16.63%	10.93%



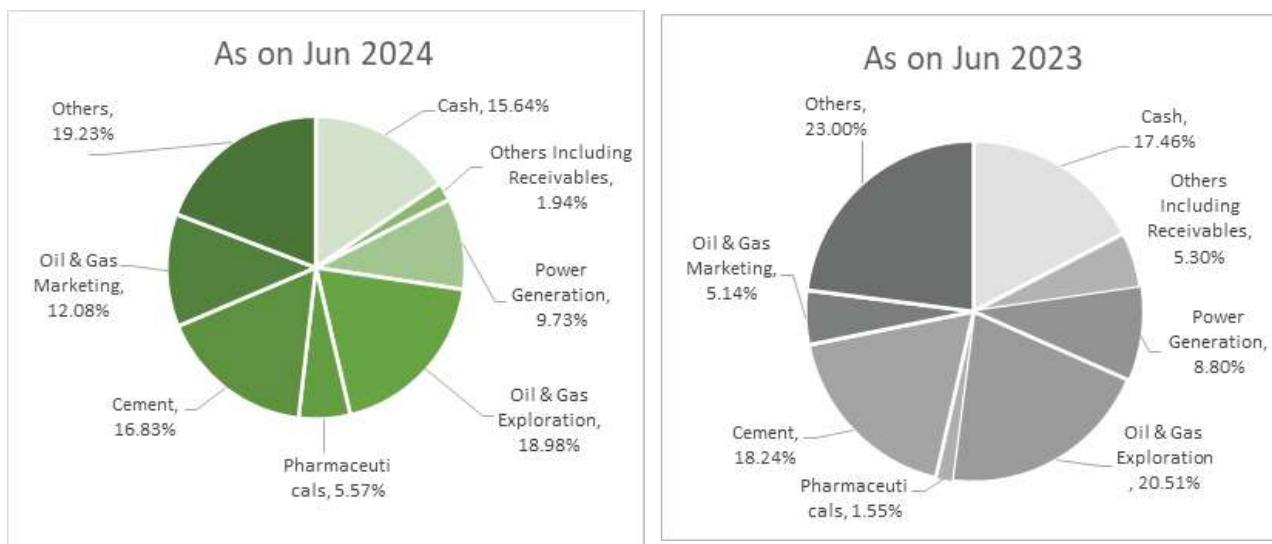
Strategies and Policies employed during the Year – HBL IAAF

During the year under review the Fund has increased its exposure in equity securities from 77.24% as on June 30, 2023 to 82.42% on June 30, 2024. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. The Fund increased its exposure in oil & gas marketing companies, pharmaceuticals and power sector, while it decreased its exposure in the oil and gas exploration, cement and others.

Strategies and Policies employed during the Year – HBL IAAF P1 & P2

During the year under review, the Fund's exposure majorly remained intact in Sukuk (majorly GoP Backed and Guaranteed) and there were no major changes in the asset allocation since the inception of the fund.

Asset Allocation



Fund Performance

Under HBL Islamic Asset Allocation Fund (HBL-IAAF), the HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-Plan-I) has been constituted on July 13, 2020 and HBL Islamic Asset Allocation Fund – Plan-II was launched on August 05, 2022.

The total and net income of the Fund including HBL IAAF Plans was Rs. 543.82 million and Rs. 520.66 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the HBL-IAAF increased from Rs. 101.6871 per unit as on June 30, 2023 to Rs. 171.1578 per unit as on June 30, 2024, after incorporating dividend of Rs. 8.50 per unit, thereby giving a return of 76.64% during the period against the benchmark return (Weighted average daily return of KMI 30 Index & 6 months deposit rate of A rated or above banks) of 70.72%. The Net Asset Value (NAV) of the HBL-IAAF Plan-I was Rs. 102.2464 per unit as on June 30, 2024 as compared to Rs. 101.3349 per unit as on June 30, 2023, after incorporating dividend of Rs. 22.00 per unit, thereby giving a return of 22.76% during the period against the benchmark return of 6.97%. The Net Asset Value (NAV) of the HBL-IAAF Plan-II was Rs. 100.5438 as on June 30, 2024 as compared to Rs. 100.9289 as on June 30, 2023, after incorporating dividend of Rs. 21.35 per unit, thereby giving a return of 21.69% while the benchmark return during the period was 7.01%. The collective size of Fund was Rs. 1.93 billion as on June 30, 2024 as compared to Rs. 2.52 billion at the start of the year.

Significant Changes in Asset Allocation during the Year (HBL-IAAF)

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2024 and June 30, 2023:

Sector Name	As on Jun 2024	As on Jun 2023
Cash	15.64%	17.46%
Others Including Receivables	1.94%	5.30%
Power Generation	9.73%	8.80%
Oil & Gas Exploration	18.98%	20.51%
Pharmaceuticals	5.57%	1.55%
Cement	16.83%	18.24%
Oil & Gas Marketing	12.08%	5.14%
Others	19.2%	23.0%
Total	100.00%	100.00%

Review of Market invested in

Money Market Review

During the period under review, SBP maintained policy rate at 22% to slow down the economic activity and tame down the inflation. However, in the last Monetary Policy Committee (MPC) meeting of FY24, the policy rate was reduced to 20.5% on the back of decline in inflation. On a forward looking basis, the real interest rates have turned significantly positive.

Sensing the forth coming decline in interest rates, secondary market yields have started coming down before the interest rate cut announcement by MPC. After touching the high of 23.78%, 24.51%, 24.73%, 21.16% and 17.93% secondary market yields retreated to 19.97%, 19.91%, 18.68%, 16.50% and 15.37% for 3M, 6M, 12M, 3Y and 5Y tenors respectively.

It is also pertinent to note that during the last Sukuk auction held on 27th June-2024, government raised PKR 198B from Fixed Rental Rate (FRR) Sukuk against target of PKR 20B. Yield on 3-year Sukuk stood at 15.80% whereas on 5-year Sukuk stood at 15.10% for FRR. In Variable Rate Sukuk (VRR) auction, government raised PKR 20B as per the target. In last fixed rate discounted Ijara Sukuk of FY24, government raised PKR 21B against the target of PKR 10B at 18.50%.

Despite decline in interest rates, real interest rates have remained significantly positive on forward looking basis due to expected sharp decline in inflation. As inflation is expected to ease further from current levels, possibility of further rate cuts are high.

Stock Market Review

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 level. IMF program euphoria, economic stability, political certainty, peaceful culmination of elections along with foreign inflows turned the sentiments positive. Strong results posted by corporates despite economic turbulence also supported the bullish momentum. To note, KSE-100 index has been the best performing market in FY24 by posting 94% USD based return.

The sectors that majorly contributed to the performance in FY24 were Banks (+13,262 pts), fertilizer (+5,074 pts), Oil and Gas Exploration (+4,300 pts) and Power (+4,192 pts). Whereas script wise major contribution came from HUBC (+3,282 pts), UBL (+2,719 pts), MEBL (+2,392 pts), EFERT (+1,998 pts) and BAHF (+1,945 pts).

The average daily volume and value of KSE All share index grew to 461M shares and PKR 15.6B from 192M shares and PKR 6.1B in the FY23. Foreigners were net buyers of USD 141M whereas on the local front Banks, individuals, mutual funds and others were net sellers of USD 141M, USD 60M, USD 47M and USD 33M respectively. Insurance and companies remained net buyer of 126M and 36M respectively.

After the drastic decline in inflation, interest rates cycle is now on a reverse trend. Policy rate after touching the all-time high of 22% has been reduced to 17.5%. Inflation readings in the coming months are estimated to be in single digits which will provide room for further cut in interest rates. Decline in interest rates, securing of 3 years EFF program, funding support from multilateral and bilateral, strong earnings outlook and weakening oil price outlook will keep the market momentum positive. Despite offering dividend yield of 11%+, market is trading at P/E of 4.0x vs historical average of 6.0x. We believe that market could re-rate from current levels; hence, we maintain bullish stance on equities. The risk to our stance is escalation in middle-east and possibility of any domestic political uncertainty.

Distribution

The Board of Directors has approved the distribution from HBL Islamic Asset Allocation Fund & its plan for the year ended June 30, 2024 as per the following table.

Name of Fund / Plan	Distribution per unit (upto Rs.)
HBL Islamic Asset Allocation Fund	8.50
HBL Islamic Asset Allocation Fund – Plan-I	22.00
HBL Islamic Asset Allocation Fund – Plan-II	21.35

Significant Changes in the State of Affairs

There were no changes in the state of affairs during the year under review.

Breakdown of Unit Holding by Size (HBL Islamic Asset Allocation Fund)

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	83	2,325
101 – 500	41	9,276
501 – 1,000	19	13,742
1,001 – 10,000	40	138,756
10,001 – 100,000	22	641,362
100,001 – 500,000	2	317,552
500,001 – 1,000,000	-	-
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
Total	207	1,123,013

Breakdown of Unit Holding by Size (HBL Islamic Asset Allocation Fund – Plan-I)

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	-	-
101 – 500	-	-
501 – 1,000	-	-
1,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 – 500,000	-	-
500,001 – 1,000,000	-	-
1000,001 – 5,000,000	1	3,281,596
5,000,001 and above	1	7,934,448
Total	2	11,216,044

Breakdown of Unit Holding by Size (HBL Islamic Asset Allocation Fund – Plan-II)

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	-	-
101 – 500	-	-
501 – 1,000	-	-
1,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 – 500,000	-	-
500,001 – 1,000,000	2	1,457,934
1000,001 – 5,000,000	2	4,464,299
5,000,001 and above	-	-
Total	4	5,922,233

Unit Splits

There were no unit splits during the year.

Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

PERFORMANCE TABLE - HBL ISLAMIC ASSET ALLOCATION FUND

As at June 30, 2024

	2024			2023			2022		2021		2020	2019
	IAAF	IAAF-I	IAAF-II	IAAF	IAAF-I	IAAF-II	IAAF	IAAF-I	IAAF	IAAF-I	IAAF	IAAF
Net assets at the period end (Rs'000)	192,213	1,146,800	595,444	100,676	1,929,004	493,571	202,144	2,422,530	387,971	2,474,242	310,399	1,130,868
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES												
Redemption	171.1578	102.2464	100.5438	101.6871	101.3349	100.9289	108.5372	100.5354	112.9636	100.4119	103.6330	103.2688
Offer	175.0260	102.8241	102.8161	103.9852	101.9074	103.2099	110.9901	101.1034	115.5166	100.9792	105.9751	105.6027
OFFER / REDEMPTION DURING THE PERIOD - RUPEES												
Highest offer price per unit	185.1682	124.1608	125.0104	114.5224	116.6424	121.0851	118.9244	110.0364	119.2670	114.5896	118.2841	109.9945
Lowest offer price per unit	110.7775	102.0954	103.2402	97.2390	101.1082	102.2730	109.7132	101.0320	106.7077	100.5968	100.7388	103.5444
Highest redemption price per unit	181.0759	123.4632	122.2476	111.9914	115.9871	118.4091	116.2961	109.4182	116.6311	112.0571	115.6700	107.5636
Lowest redemption price per unit	108.3293	101.5218	100.9585	95.0900	100.5401	100.0127	107.2885	100.4644	104.3494	100.0316	98.5124	101.2560
RETURN (%)												
Total return	76.64%	22.76%	21.69%	-6.31%	16.54%	19.75%	-3.92%	9.09%	11.59%	7.42%	6.42%	-1.15%
Income distribution	8.75%	21.71%	21.15%	0.00%	15.70%	18.65%	0.00%	9.00%	2.70%	7.00%	6.25%	0.00%
Capital growth	67.89%	1.05%	0.54%	-6.31%	0.84%	1.10%	-3.92%	0.09%	8.89%	0.42%	0.17%	-1.15%
DISTRIBUTION												
Final dividend distribution- Rs	8.90	22.00	21.35	-	15.70	18.65	-	9.00	2.70	2.70	6.25	-
Date of Income Distribution	21-Jun-24	21-Jun-24	21-Jun-24	-	16-Jun-23	16-Jun-23	-	29-Jun-22	18-Jun-21	21-Jun-21	26-Jun-20	-
Total dividend distribution for the year (Rs)	8.90	22.00	21.35	-	15.70	18.65	-	9.00	2.70	7.00	6.25	-
AVERAGE RETURNS (%)												
Average annual return 1 year	76.64%	22.76%	21.69%	-6.31%	16.54%	19.75%	-3.92%	9.09%	11.59%	7.42%	6.42%	-1.15%
Average annual return 2 year	28.64%	19.61%	20.72%	-5.12%	12.75%	N/A	3.55%	8.25%	8.97%	N/A	2.57%	-0.97%
Average annual return 3 year	16.72%	15.99%	N/A	0.15%	10.95%	N/A	4.49%	N/A	5.49%	N/A	1.44%	2.51%
PORTFOLIO COMPOSITION - (%)												
Percentage of Net Assets as at 30 June:												
Bank Balances	15.87%	22.92%	19.76%	17.46%	13.27%	21.12%	16.88%	31.08%	40.66%	17.08%	35.33%	19.81%
Gov Ijarah Sukuks	0.00%	0.00%	34.61%	0.00%	0.00%	14.16%	0.00%	0.00%	2.29%	49.25%	2.85%	0.00%
Certificate of Modaraba	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.74%	0.00%
Commercial Paper	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.63%	0.00%	6.14%	0.00%	0.00%	16.05%
TFC / Sukuks	0.00%	74.02%	43.79%	0.00%	83.44%	60.94%	14.01%	66.83%	20.53%	31.94%	20.58%	37.39%
Stock/Equities	82.69%	0.00%	0.00%	77.24%	0.00%	0.00%	61.11%	0.00%	27.81%	0.00%	29.99%	23.11%
Others	1.44%	3.06%	1.84%	5.31%	3.29%	3.78%	2.37%	2.09%	2.57%	1.73%	3.51%	3.64%

Note:

The Launch date of the Islamic Asset Allocation Fund is January 08, 2016.
The Launch date of the Islamic Asset Allocation Fund Plan I is July 13, 2020.
The Launch date of the Islamic Asset Allocation Fund Plan II is August 05, 2022.

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

PROXY VOTING DISCLOSURE

For the year ended June 30, 2024

Summary of Actual Proxy voted by CIS

HBLIAAF	Meetings	Resolutions	For	Against
Number	3		0	-
(%ages)				-

(h) AMC did not participate in shareholders' meetings

Scrip	AGM Meeting Dt	EOGM Meeting Dt
Abbott Laboratories (Pak) Ltd	22-04-24	
Agha Steel Ind.Ltd	16-10-23	
AGP Limited	19-03-24	19-07-23
Air Link Communication Ltd	28-10-23	
Aisha Steel Mills Ltd		
Al Ghazi Tractors Ltd		01-03-24
Amreli Steels Limited	24-10-23	
Atlas Battery Ltd.		
Attock Petroleum Ltd		09-03-24
Attock Refinery Ltd	09-10-23	
Avanceon Limited		
Baluchistan Wheels Ltd.	23-09-23	
BankIslami Pakistan Limited	28-03-24	
Century Paper & Board Mills Ltd	25/09/2023 17-10-2023	
Cherat Cement Company Ltd.	25-10-23	21-03-24
D G Khan Cement Co.Ltd.	27-10-23	
Engro Corporation Ltd	25-04-24	26-06-24
Engro Fertilizers Limited		
Exide Pakistan Ltd	15-07-23	
Fauji Cement Company Limited	27-10-23	
Fauji Fertilizer Bin Qasim Ltd	25-03-24	18-08-23
Fauji Fertilizer Co Ltd	26-03-24	23-11-23
Faysal Bank Limited	07-03-24	
Ferozsons Laboratories Ltd	28-10-23	05-07-23
Flying Cement Company Limited		
Ghani Glass Ltd	27-10-23	14-12-23
Highnoon Laboratories Limited	29-04-24	
Honda Atlas Cars (Pakistan) Ltd	27-06-24	25-Apr-24
Hub Power Company Ltd	16-10-23	
International Steels Limited	26-09-23	
Ittehad Chemicals Limited	26-10-23	
K-Electric Limited	26-10-23	
Kohat Cement Ltd	16-10-23	
Lucky Cement Ltd	26-09-23	23-11-23
Maple Leaf Cement Factory Ltd	19-10-23	
Mari Petroleum Company Ltd	26-09-23	
Meezan Bank Ltd	28-3-24 28/10/2023	
Millat Tractors Ltd	26-10-23	
Mughal Iron & Steel Inds Ltd	28-10-23	19-09-23
National Refinery Ltd	23-10-23	
Nishat Chunian Power Ltd	25-09-23	
Nishat Power Limited	26-10-23	22-08-23
Oil & Gas Development Co Ltd	30-10-23	
Pak Suzuki Motor Company Limited	29-04-24	09/02/2024 7-5-24
Pakistan Aluminium Beverage Cans Limited	29-04-24	
Pakistan Hotels Developers Ltd	27-10-23	
Pakistan Petroleum Ltd	25-10-23	
Pakistan State Oil Company Ltd	26-10-23	
Pioneer Cement Limited	27-10-23	
Sazgar Engineering Works Limited	26-10-23	
Shell Pakistan Ltd	25-04-24	
Sui Northern Gas Pipeline Ltd	01-08-23	30-09-23
Sui Southern Gas Co Ltd		23-10-23
Systems Limited	19-04-24	26-12-23
Tariq Glass Industries Ltd	27-10-23	01/09/2023 15-2-2024
The Searle Company Ltd		26-07-23
TPL Properties Limited		
Unity Foods Limited	27-10-23	

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC ASSET ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Asset Allocation Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2024



ASSET MANAGEMENT LTD.
ايسيت مينجمنت لميٲٲ

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Asset Allocation 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, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

HBL Asset Management Limited
Head Office
7th Floor
Emerald Tower
G-19 Block-5,
Main Clifton Road,
Clifton, Karachi

UAN (021) 111-425-262
Fax (021) 35168455
www.hblasset.com

September 25, 2024



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, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL Islamic Asset Allocation Fund** managed by **HBL Asset Management Limited** are Permissible 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



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
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INDEPENDENT AUDITORS' RPEORT

To the Unit holders of HBL Islamic Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HBL Islamic Asset Allocation Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flow for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with the 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the financial statements and our auditors' report thereon.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



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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 Management and Board of Directors for the Financial Statements

Management 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 management 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, management 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.



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- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 auditors' 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 auditors' 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 the board of directors 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.




KPMG Taseer Hadi & Co.

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

Date: 28 September 2024

Karachi

UDIN: AR202410188sZn81TDH2


KPMG Taseer Hadi & Co.
Chartered Accountants



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Independent Reasonable Assurance Report to the Unit Holders on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of HBL Asset Management Limited, Management Company of **HBL Islamic Asset Allocation Fund** (the Fund), to report on Fund's Compliance with the Shariah principles as set out in the annexed statement prepared by the Management Company for the year ended 30 June 2024, in the form of an independent reasonable assurance opinion 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.

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 30 June 2024.

Responsibilities of the Management Company

The Management Company is responsible for 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 in their legal form are in compliance with the Shariah principles specified in the Trust Deed and guidelines issued by the Shariah Advisor.

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 Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Our Responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance opinion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That standard requires 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 judgment, 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 an opinion as to the effectiveness of the Fund's internal control. Reasonable assurance is less than absolute assurance.

The procedures performed included performing tests of details 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.

Opinion

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

In our opinion, the annexed statement, for the year ended 30 June 2024, 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.

Date: 28 September 2024

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

HBL ISLAMIC ASSET ALLOCATION FUND

Statement of Assets and Liabilities

As at June 30, 2024

	Note	2024				2023			
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
(Rupees in '000)									
Assets									
Bank balances	4	34,104	263,203	118,828	416,135	18,906	256,273	104,454	379,633
Investments	5	171,553	849,805	467,951	1,489,309	83,648	1,611,016	371,399	2,066,063
Dividend receivable and accrued profit	6	548	29,514	11,030	41,092	350	52,502	10,880	63,732
Preliminary expenses and flotation costs	7	-	43	-	43	-	86	-	86
Receivable against sale of investment		-	-	-	-	1,304	-	-	1,304
Advances, deposits and other receivables	8	3,495	5,541	100	9,136	4,095	10,886	7,800	22,781
Total assets		209,700	1,148,106	597,909	1,955,715	108,303	1,930,763	494,533	2,533,599
Liabilities									
Payable to the Management Company	9	423	401	515	1,339	331	531	450	1,312
Payable to the Trustee	10	35	80	42	157	19	143	34	196
Payable to Securities and Exchange Commission of Pakistan	11	14	91	47	152	26	446	80	552
Accrued expenses and other liabilities	12	16,514	734	403	17,651	7,251	639	398	8,288
Payable to PIA Holding Company Limited	13	-	-	1,458	1,458	-	-	-	-
Payable against purchase of investment		501	-	-	501	-	-	-	-
Total liabilities		17,487	1,306	2,465	21,258	7,627	1,759	962	10,348
Net assets		192,213	1,146,800	595,444	1,934,457	100,676	1,929,004	493,571	2,523,251
Unit holders' fund (as per statement attached)		192,213	1,146,800	595,444		100,676	1,929,004	493,571	
Contingencies and commitments									
Number of units									
Number of units in issue	14.	1,123,013	11,216,044	5,922,233		990,052	19,035,929	4,890,279	
(Rupees)									
Net assets value per unit		171.1578	102.2464	100.5438		101.6871	101.3349	100.9289	

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC ASSET ALLOCATION FUND

Income Statement

For the year ended June 30,

	2024				2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
Note	(Rupees in '000)				(Rupees in '000)			
Income								
Net realised gain/ (loss) on sale of investments	33,661	1,289	(169)	34,781	(12,036)	(10,090)	(180)	(22,306)
Dividend income	7,701	-	-	7,701	7,738	-	-	7,738
Return on investments calculated using effective yield method	15	165	290,390	92,745	994	302,537	55,346	358,877
Profit on deposits with banks calculated using effective yield method	16	5,701	63,022	17,170	4,468	59,317	12,940	76,725
Net Unrealised appreciation/ (diminution) on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	5.5	32,855	435	4,781	(1,131)	(8,203)	(1,059)	(10,393)
Fair value loss on modification of financial asset carried at 'financial asset at fair value through profit or loss'	5.3.2	-	-	(7,289)	-	-	-	-
Other income	15	903	446	1,364	37	1,571	834	2,442
	80,098	356,039	107,684	543,821	70	345,132	67,881	413,083
Expenses								
Remuneration of the Management Company	9.1 & 9.2	2,654	2,828	4,041	2,165	3,782	2,935	8,882
Remuneration of the Trustee	10.1	325	1,414	466	289	1,891	339	2,519
Annual fee to Securities and Exchange Commission of Pakistan	11	136	1,579	522	26	446	80	552
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	627	-	-	958	-	-	958
Selling and marketing expenses	9.3 & 9.4	365	-	-	365	792	-	792
Auditors' remuneration	17	36	414	138	588	17	424	100
Amortisation of preliminary expenses and flotation costs		-	43	-	43	-	43	8
Settlement and bank charges		435	363	310	1,108	483	407	370
Fees and subscription		23	107	43	173	32	203	46
Securities transaction costs		1,168	127	-	1,295	1,489	305	1,934
Printing charges		73	88	22	183	10	100	45
Charity expense		425	-	-	425	488	-	488
Shariah advisory fee		31	174	47	252	-	-	-
Provision against non-performing securities	5.3.1	-	4,488	-	4,488	-	-	-
Reimbursement of expenses from the Management Company	9.4	(351)	-	-	(36)	-	-	(36)
		5,947	11,625	5,589	23,161	6,713	7,601	4,063
18,377								
Net income / (loss) from operating activities		74,151	344,414	102,095	520,660	(6,643)	337,531	63,818
Net income / (loss) for the year before taxation		74,151	344,414	102,095	520,660	(6,643)	337,531	63,818
Taxation	18	-	-	-	-	-	-	-
Net income / (loss) for the year after taxation		74,151	344,414	102,095	520,660	(6,643)	337,531	63,818
Allocation of net income for the year after taxation								
Net income / (loss) for the year after taxation		74,151	344,414	102,095	(6,643)	337,531	63,818	
Income already paid on units redeemed		(7,604)	(336,344)	(102,095)	-	(322,350)	(57,685)	
Accounting income available for distribution		66,547	8,070	-	(6,643)	15,181	6,133	
Accounting income available for distribution:								
- Relating to capital gains		59,790	951	-	-	-	-	
- Excluding capital gains		6,757	7,119	-	-	15,181	6,133	
		66,547	8,070	-	-	15,181	6,133	
Earnings per unit	19							

The annexed notes 1 to 31 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC ASSET ALLOCATION FUND

Statement of Comprehensive Income

For the year ended June 30, 2024

	2024				2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Net income / (loss) for the year after taxation	74,151	344,414	102,095	520,660	(6,643)	337,531	63,818	394,706
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	74,151	344,414	102,095	520,660	(6,643)	337,531	63,818	394,706

The annexed notes 1 to 31 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC ASSET ALLOCATION FUND

Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2024

HBL Islamic Asset Allocation Fund

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at the beginning of the year	(10,382)	111,058	100,676	84,444	117,701	202,145
Issuance of units: 798,289 units (2023: 33,755 units)						
- Capital value	81,176	-	81,176	3,664	-	3,664
- Element of (loss) / income	47,577	-	47,577	(77)	-	(77)
Total proceeds on issuance of units	128,753	-	128,753	3,587	-	3,587
Redemption of units: 665,327 units (2023: 906,145 units)						
- Capital value	(67,655)	-	(67,655)	(98,350)	-	(98,350)
- Element of (loss) / income	(27,350)	(7,604)	(34,954)	(63)	-	(63)
Total payment on redemption of units	(95,005)	(7,604)	(102,609)	(98,413)	-	(98,413)
Total comprehensive income / (loss) for the year	-	74,151	74,151	-	(6,643)	(6,643)
Interim Distribution for the year ended June 30, 2024: Rs. 8.9 per unit declared on June 21, 2024 (2023: Nil)	-	(7,459)	(7,459)	-	-	-
Refund of Capital	(1,299)	-	(1,299)	-	-	-
Total distribution	(1,299)	(7,459)	(8,758)	-	-	-
Net assets at the end of the year	22,067	170,146	192,213	(10,382)	111,058	100,676
Undistributed income brought forward						
- Realised income		112,189			135,928	
- Unrealised income / (loss)		(1,131)			(18,227)	
		111,058			117,701	
Accounting income available for distribution						
- Relating to capital gains	59,790			-		
- Excluding capital gains	6,757			-		
	66,547			-		
Interim Distribution for the year ended 30 June 2024: 8.9 per unit declared on June 21, 2024 (2023: Nil)		(7,459)			(6,643)	
Undistributed income carried forward		170,146			111,058	
Undistributed income carried forward comprises of:						
- Realised income		137,292			112,189	
- Unrealised income / (loss)		32,855			(1,131)	
		170,146			111,058	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			101.6871			108.5372
Net assets value per unit at end of the year			171.1578			101.6871

The annexed notes 1 to 31 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC ASSET ALLOCATION FUND

Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2024

	HBL Islamic Asset Allocation Fund Plan 1					
	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,909,286	19,718	1,929,004	2,417,993	4,537	1,533,821
Issuance of units: 12,598,559 units (2023: 24,396,202 units)						
- Capital value	1,276,674	-	1,276,674	2,417,993	-	2,462,282
- Element of income	220,578	-	220,578	5,452	-	5,452
Total proceeds on issuance of units	1,497,252	-	1,497,252	2,467,734	-	2,467,734
Redemption of units: 20,418,444 units (2023: 29,456,565 units)						
- Capital value	(2,069,101)	-	(2,069,101)	(2,961,428)	-	(2,961,428)
- Element of (loss) / income	(15,621)	(336,344)	(351,965)	247,530	(322,350)	(74,820)
Total payment on redemption of units	(2,084,722)	(336,344)	(2,421,066)	(2,713,898)	(322,350)	(3,036,248)
Total comprehensive income for the year	-	344,414	344,414	-	337,531	337,531
Interim Distribution for the year ended June 30, 2024: Rs. 22 per unit declared on June 21, 2024 (2023: Rs 15.7 per unit)	-	-	-	-	-	-
Refund of Capital	(202,804)	-	(202,804)	(262,543)	-	(262,543)
Total distribution	(202,804)	-	(202,804)	(262,543)	-	(262,543)
Net assets at the end of the year	1,119,012	27,788	1,146,800	1,909,286	19,718	1,929,004
Undistributed income brought forward						
- Realised income		27,921			1,733	
- Unrealised (loss) / income		(8,203)			2,804	
		19,718			4,537	
Accounting income available for distribution						
- Relating to capital gains		951			-	
- Excluding capital gains		7,119			15,181	
		8,070			15,181	
Interim Distribution for the year ended June 30, 2024: Rs. 22 per unit declared on June 21, 2024 (2023: Rs 15.7 per unit)		-			-	
Undistributed income carried forward		27,788			19,718	
Undistributed income carried forward comprises of:						
- Realised income		27,353			27,921	
- Unrealised income / (loss)		435			(8,203)	
		27,788			19,718	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			101.3349			100.5354
Net assets value per unit at end of the year			102.2464			101.3349

The annexed notes 1 to 31 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC ASSET ALLOCATION FUND

Statement of Movement in Unit Holders' Fund

For the year ended June 30, 2024

	HBL Islamic Asset Allocation Fund Plan 2			HBL Islamic Asset Allocation Fund Plan 2		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	489,091	4,480	493,571	-	-	-
Issuance of units: 5,922,233 units (2023: 9,783,035 units)						
- Capital value	597,724	-	597,724	978,304	-	978,304
- Element of income	103,095	-	103,095	92,952	-	92,952
Total proceeds on issuance of units	700,819	-	700,819	1,071,256	-	1,071,256
Redemption of units: 4,890,279 units (2023: 4,892,756 units)						
- Capital value	(493,570)	-	(493,570)	(489,276)	-	(489,276)
- Income already paid on redemption of units - from prior year	-	(1,000)	(1,000)	-	-	-
- Element of loss	31	(102,095)	(102,064)	(17,632)	(57,685)	(75,317)
Total payment on redemption of units	(493,539)	(103,095)	(596,634)	(506,908)	(57,685)	(564,593)
Total comprehensive income / (loss) for the year	-	102,095	102,095	-	63,818	63,818
Final Distribution for the year ended 30 June 2024: 21.35 per unit declared on June 21, 2024 (2023: Rs 18.65 per unit)	-	(1,486)	(1,486)	-	(1,653)	(1,653)
Refund of Capital	(102,921)	-	(102,921)	(75,257)	-	(75,257)
Total distribution	(102,921)	(1,486)	(104,407)	(75,257)	(1,653)	(76,910)
Net assets at the end of the year	593,450	1,994	595,444	489,091	4,480	493,571
Undistributed income brought forward						
- Realised income		5,539			-	
- Unrealised (loss) / income		(1,059)			-	
		4,480			-	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			6,133	
		-			6,133	
Final Distribution for the year ended June 30, 2024: Rs. 21.35 per unit declared on June 21, 2024 (2023: Rs 18.65 per unit)		(1,486)			(1,653)	
Income already paid on redemption of units - from prior year		(1,000)				
Undistributed income carried forward		1,994			4,480	
Undistributed income carried forward comprises of:						
- Realised income		-			5,539	
- Unrealised income / (loss)		1,994			(1,059)	
		1,994			4,480	
			(Rupees)			
Net assets value per unit at beginning of the year		100.9289				
Net assets value per unit at end of the year		100.5438				100.9289

The annexed notes 1 to 31 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC ASSET ALLOCATION FUND

Cash Flow Statement

For the year ended June 30, 2024

	June 30, 2024				June 30, 2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	(Rupees in '000)				(Rupees in '000)			
Cash flows from operating activities								
Net income / (loss) for the year before taxation	74,151	344,414	102,095	520,660	(6,643)	337,531	63,818	394,706
Adjustments								
Net realised (gain) / loss on sale of investments	(33,661)	(1,289)	169	(34,781)	12,036	10,090	180	22,306
Dividend income	(7,701)	-	-	(7,701)	(7,738)	-	-	(7,738)
Return on investments calculated using effective yield method	(165)	(290,390)	(92,745)	(383,300)	(994)	(302,537)	(55,346)	(358,877)
Profit on deposits with banks calculated using effective yield method	(5,701)	(63,022)	(17,170)	(85,893)	(4,468)	(59,317)	(12,940)	(76,725)
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial asset at fair value through profit or loss'	5.5	(32,855)	(435)	(4,781)	1,131	8,203	1,059	10,393
Other Income	(15)	(903)	(446)	(1,364)	(37)	(1,571)	(834)	(2,442)
Amortisation of preliminary expenses and flotation costs	-	43	-	43	-	43	8	51
	(5,947)	(11,582)	(12,878)	(30,407)	(6,713)	(7,558)	(4,055)	(18,326)
Decrease / (Increase) in assets								
Investments	(20,085)	762,935	(91,940)	650,910	72,329	(8,791)	(372,638)	(309,100)
Advances, deposits and other receivables	600	5,345	7,700	13,645	(1,292)	(10,786)	(7,800)	(19,878)
	(19,485)	768,280	(84,240)	664,555	71,037	(19,577)	(380,438)	(328,978)
Increase / (Decrease) in liabilities								
Payable to Management Company	92	(130)	65	27	(670)	(34)	450	(254)
Payable to Trustee	16	(63)	8	(39)	(29)	(17)	34	(12)
Payable to Securities and Exchange Commission of Pakistan	(12)	(355)	(33)	(400)	(46)	(72)	80	(38)
Accrued expenses and other liabilities	9,263	95	5	9,363	(710)	95	398	(217)
Payable to PIA Holding Company Limited	-	-	1,458	1,458	-	-	-	-
Payable against purchase of investment	501	-	-	501	-	-	-	-
	9,860	(453)	1,503	10,910	(1,455)	(28)	962	(521)
Net cash (used in) / generated from operating activities	(15,572)	756,245	(95,615)	645,058,261	62,869	(27,163)	(383,531)	(347,825)
Cashflow from investing activities								
Profit received on bank deposits	5,554	63,493,000	17,131	86,178	5,433	63,195	11,313	79,941
Dividend income received	7,650	-	-	7,650	7,733	-	-	7,733
Profit received on investments	165	312,907	92,634	405,706	1,866	296,344	46,085	344,295
Profit received on Deposits	15	903	446	1,364	37	1,571	834	2,442
Net cashflow from investing activities	(2,188)	1,133,548	14,596	1,145,956	77,938	333,947	(325,299)	86,586
Cash flows from financing activities								
Proceeds from issuance of units	127,454	1,294,448	597,898	2,019,800	3,587	2,205,191	995,999	3,204,777
Payment on redemption of units	(102,609)	(2,421,066)	(596,634)	(3,120,309)	(98,413)	(3,036,248)	(564,593)	(3,699,254)
Cash distribution	(7,459)	-	(1,486)	(8,945)	-	-	(1,653)	(1,653)
Net cash used in financing activities	17,386	(1,126,618)	(222)	(1,109,454)	(94,826)	(831,057)	429,753	(496,131)
Net increase / (decrease) in cash and cash equivalents	15,198	6,930	14,374	36,502	(16,888)	(497,110)	104,454	(409,545)
Cash and cash equivalents at beginning of the year	18,906	256,273	104,454	379,633	35,794	753,383	-	789,177
Cash and cash equivalents at end of the year	34,104	263,203	118,828	416,135	18,906	256,273	104,454	379,632

The annexed notes 1 to 31 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** HBL Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed, dated September 07, 2015, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on October 28, 2015.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3** The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The fund comprises of the original fund and sub-funds, namely Plan 1 and Plan 2 which shall be perpetual. The initial public offer period for IAAF was from January 07, 2016 to January 08, 2016 (both days inclusive) and the initial public offer period for IAAF Plan 1 was from the start of banking hours from July 13, 2020 to the closure of banking hours on July 13, 2020 and the initial public offer period for IAAF Plan 2 was from the start of banking hours from August 04, 2022 to the closure of banking hours on August 04, 2022. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The primary objective of the Fund is to provide superior returns through investments in Shari'ah Compliant Equity Securities and Shari'ah Compliant Income/ Money Market Instruments.
- 1.5** VIS Credit Rating Company has reaffirmed a management quality rating to 'AM1' (Stable outlook) of the Management Company on December 29, 2023 (2023: AM1 dated on December 30, 2022).
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Standards and amendments effective during the year

The Fund has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from July 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the annual audited financial statements for the year ended June 30, 2023.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on July 1, 2023 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in this condensed interim financial information.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after January 1, 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which the Fund must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the fund must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, the fund will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. These amendments also specify the transition requirements for the fund that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a fund to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the fund's liabilities and cash flows, and the fund's exposure to liquidity risk. Under the amendments, funds also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a fund might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after January 1, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.
- **Lack of Exchangeability (amendments to IAS 21) clarify:**
 - when a currency is exchangeable into another currency; and
 - how a company estimates a spot rate when a currency lacks exchangeability.

"Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include: "

- the nature and financial impacts of the currency not being exchangeable;
 - the spot exchange rate used ;
 - the estimation process; and
 - risks to the company because the currency is not exchangeable.
- "The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. Earlier application is permitted. "

"Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: "

- **Financial Assets with ESG-Linked features:**

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- **Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:**

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant

"The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted. "

The above amendment and improvement have no impact on the financial statements of the Fund.

2.4 Basis of measurement

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

2.5 Functional and presentation currency

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

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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 recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification of financial assets (Note 3.2.1(i))
- (b) impairment of financial assets (Note 3.2.1(iv))
- (c) provisions (Note 3.8)

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all the years presented.

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at amortised cost. These comprise of deposits with banks and highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investments for other purposes.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

i. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

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

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objectives for managing the financial assets are achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

ii. Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective yield method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

Debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. 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 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.

b) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

iii. Reclassifications

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

iv. Impairment of financial assets

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

3.2.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount 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.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial Liabilities are either classified as fair value through profit or loss (FVTPL), when they are held for trading purposes, or at amortized cost. Financial Liabilities classified as FVTPL are measured at fair value. Financial liabilities classified at amortized cost are initially recorded at fair value and subsequently measured using the effective interest rate method.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value .

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

3.4 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.5 Preliminary expenses and flotation costs

Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are amortised over a period of five years from the end of the initial offering year as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

3.6 Issuance and redemption of units

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

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.7 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net assets value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unit holders' fund.

3.8 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 reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.9 Net assets value per unit

The net assets value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.10 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of atleast ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

3.11 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on mark to market 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.
- Profit on deposits with banks and mark-up / return on investments in debt and government securities is recognised using effective yield method.
- Dividend income is recognised when the right to receive the dividend is established.

3.12 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.13 Expenses

All expenses including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the income statement on accrual basis.

3.14 Earnings per unit

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

3.15 Distributions

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

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

3.16 Other assets

Other assets are stated at cost less impairment losses, if any.

4.	BANK BALANCES	2024				2023			
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
		Note (Rupees in '000) (Rupees in '000)			
	Savings account	34,104	263,203	118,828	416,135	18,906	256,273	104,454	379,633
		<u>34,104</u>	<u>263,203</u>	<u>118,828</u>	<u>416,135</u>	<u>18,906</u>	<u>256,273</u>	<u>104,454</u>	<u>379,633</u>

4.1 This represents bank balances held with different banks. Profit rates on these accounts ranges between 10% and 22.5% per annum (2023: between 7.25% and 20% per annum).

5.	INVESTMENTS	2024				2023			
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
		Note (Rupees in '000) (Rupees in '000)			
	Financial assets at fair value through profit or loss								
	Listed equity securities	171,553	-	-	171,553	83,648	-	-	83,648
	GoP ijarah sukuk	-	-	208,067	208,067	-	-	70,042	70,042
	Sukuk bonds	-	849,805	259,884	1,109,689	-	1,566,016	301,357	1,867,373
		<u>171,553</u>	<u>849,805</u>	<u>467,951</u>	<u>1,489,309</u>	<u>83,648</u>	<u>1,566,016</u>	<u>371,399</u>	<u>2,021,063</u>
	Financial assets at amortised cost								
	Sukuk bonds	-	-	-	-	-	45,000	-	45,000
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
		<u>171,553</u>	<u>849,805</u>	<u>467,951</u>	<u>1,489,309</u>	<u>83,648</u>	<u>1,611,016</u>	<u>371,399</u>	<u>2,066,063</u>

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

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

Name of the Investee Company	As at July 01, 2023	Purchases during the year	Bonus / Rights issue 5.1.2	Sales during the year	As at June 30, 2024	Cost of holdings as at June 30, 2024	Market value as at June 30, 2024	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	
Note	----- (Number of shares) -----				--- (Rupees in '000) ---		----- % -----				
Food & Personal Care Products											
Unity Foods Limited	-	117,000	-	117,000	-	-	-	-	-	-	
	-	117,000	-	117,000	-	-	-	-	-	-	
AUTOMOBILE PARTS & ACCESSORIES											
Atlas Battery Limited	-	2,074	-	-	2,074	553	614	0.36	0.32	#N/A	
Baluchistan Wheels Limited	-	19,500	-	2,000	17,500	2,583	2,275	1.33	1.18	0.01	
Exide Pakistan Limited	5.1.1	4,700	-	-	4,700	1,947	2,770	1.61	1.44	0.01	
	-	26,274	-	2,000	24,274	5,083	5,658	3.30	2.94	#N/A	
Automobile Assembler											
Al Ghazi Tractors Limited	-	3,319	-	-	3,319	1,198	1,158	0.68	0.60	0.00	
Honda Atlas Cars (Pakistan) Limited	-	11,850	-	4,000	7,850	2,058	2,225	1.30	1.16	0.00	
Millat Tractors Limited	-	2,436	-	2,436	-	-	-	-	-	-	
Pak Suzuki Motor Company Limited	-	2,700	-	2,700	-	-	-	-	-	-	
Sazgar Engineering Works Limited	-	32,300	-	31,160	1,140	229	949	0.55	0.49	0.00	
	-	52,605	-	40,296	12,309	3,484	4,332	2.53	2.25	0.00	
Cement											
Kohat Cement Limited	-	10,392	-	10,392	-	-	-	-	-	-	
Fauji Cement Company Limited	-	478,000	-	128,000	350,000	6,837	8,019	4.67	4.17	-	
Pioneer Cement Limited	-	60,300	-	25,500	34,800	3,860	5,869	3.42	3.05	0.00	
Cherat Cement Company Limited	8,600	35,900	-	39,100	5,400	785	881	0.51	0.46	0.00	
Flying Cement Company	-	216,000	-	-	216,000	1,998	1,797	1.05	0.93	0.00	
D.G. Khan Cement Company Limited	93,500	337,900	-	297,902	133,498	9,968	12,051	7.02	6.27	0.00	
Lucky Cement Limited	11,847	22,668	-	34,515	-	-	-	-	-	-	
Maple Leaf Cement Factory Limited	5.1.1	272,943	508,500	612,443	169,000	5,761	6,422	3.74	3.34	0.00	
	-	386,890	1,669,660	1,147,852	908,698	29,208	35,038	20.42	18.23	0.01	
Commercial Banks											
BankIslami Pakistan Limited	272,011	195,000	-	372,011	95,000	2,289	2,115	1.23	1.10	0.00	
Meezan Bank Limited	5.1.1	71,000	112,562	153,400	30,162	4,403	7,220	4.21	3.76	0.00	
Faysal Bank Limited	-	242,000	-	242,000	-	-	-	-	-	-	
	-	343,011	549,562	767,411	125,162	6,692	9,335	5.44	4.86	0.00	
Paper and Board											
Century Paper & Board Mills Limited	-	134,000	-	74,000	60,000	1,771	1,797	1.05	0.93	0.00	
	-	134,000	-	74,000	60,000	1,771	1,797	1.05	0.93	0.00	
GLASS & CERAMICS											
Tariq Glass Industries Limited	-	155,114	-	139,614	15,500	1,674	1,807	1.05	0.94	0.00	
Ghani Glass Limited	-	48,000	-	48,000	-	-	-	-	-	-	
	-	203,114	-	187,614	15,500	1,674	1,807	1.05	0.94	0.00	
Chemicals											
Ittehad Chemicals Limited	-	15,000	-	-	15,000	675	707	0.41	0.37	0.00	
	-	15,000	-	-	15,000	675	707	0.41	0.37	0.0	
Technology and Communication											
Avanceon Limited	-	53,000	15,823	38,615	30,208	917	855	0.50	0.44	0.00	
Systems Limited	10	15,900	-	14,410	1,500	656	627	0.37	0.33	0.00	
TPL Trakker Limited	513,500	-	-	-	513,500	4,539	3,184	1.86	1.66	0.03	
Air Link Communication Limited	-	53,000	-	53,000	-	-	-	-	-	-	
	-	513,510	121,900	15,823	106,025	545,208	6,113	4,666	2.72	2.43	0.0
Engineering											
International steels limited	-	76,200	-	50,850	25,350	1,745	2,143	1.25	1.12	0.00	
Aisha Steels Limited	-	63,000	-	-	63,000	442	464	0.27	0.24	0.00	
Amreli Steel Limited	-	1,583	-	1,583	-	-	-	-	-	-	
Agha Steel Ind. Limited	-	45,870	-	-	45,870	461	460	0.27	0.24	0.00	
Mughal Iron and Steel Industries Limited	38,834	66,000	-	94,834	10,000	979	930	0.54	0.48	0.00	
	-	38,834	252,653	-	147,267	144,220	3,627	3,997	2.33	2.08	0.00

HBL ISLAMIC ASSET ALLOCATION FUND

Notes to the Financial Statements

For the year ended June 30, 2024

Name of the Investee Company	As at July 01, 2023	Purchases during the year	Bonus / Rights issue 5.1.2	Sales during the year	As at June 30, 2024	Cost of holdings as at June 30, 2024	Market value as at June 30, 2024	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
Note	----- (Number of shares) -----				----- (Rupees in '000) -----		----- % -----			
Fertilizer										
Engro Corporation Limited	15,100	50,500	-	65,600	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	41,100	-	41,100	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	103,500	-	46,000	57,500	1,828	2,040	1.19	1.06	0.00
Engro Fertilizers Limited	12,528	129,537	-	142,065	-	-	-	-	-	-
	27,628	324,637	-	294,765	57,500	1,828	2,040	1.19	1.06	0.00
Oil & Gas Exploration Companies										
Mari Petroleum Company Limited	3,349	2,580	-	4,529	1,400	3,269	3,797	2.21	1.98	0.00
Oil & Gas Development Company Limited	5.1.1	103,300	263,000	-	235,451	130,849	13,141	17,713	10.33	9.22
Pakistan Petroleum Limited	5.1.1	153,462	286,800	-	286,575	153,687	12,606	17,998	10.49	9.36
		260,111	552,380	-	526,555	285,936	29,017	39,509	23.03	20.55
Oil & Gas Marketing Companies										
Pakistan State Oil Company Limited	5.1.2	503	114,400	-	37,100	77,803	10,607	12,932	7.54	6.73
Shell Pakistan Limited	-	-	35,750	-	35,750	-	-	-	-	-
Sui Northern Gas Pipeline Limited	5.1.1	139,894	435,900	-	383,450	192,344	9,480	12,208	7.12	6.35
Sui Southern Gas Company Limited	-	-	62,000	-	62,000	-	-	-	-	-
Attock Petroleum Limited	-	-	8,200	-	8,200	-	-	-	-	-
		140,397	656,250	-	526,500	270,147	20,087	25,140	14.65	13.08
Refinery										
Attock Refinery Limited	15,000	16,390	-	21,150	10,240	3,646	3,600	2.10	1.87	0.00
National Refinery Limited	-	8,570	-	3,140	5,430	1,310	1,442	0.84	0.75	0.00
		15,000	24,960	-	24,290	4,956	5,042	2.94	2.62	0.00
Pharmaceuticals										
AGP Limited	-	42,000	-	29,000	13,000	1,073	1,201	0.70	0.62	0.00
Ferozsons Laboratories Limited	-	17,800	-	1,400	16,400	3,232	4,090	2.38	2.13	0.00
Abbott Laboratories Limited	-	3,200	-	-	3,200	1,432	2,346	1.37	1.22	0.00
The Searle Company Limited	5.1.2	1,333	78,000	-	31,000	48,333	2,411	2,761	1.61	1.44
Highnoon Laboratories Limited	-	4,837	2,800	-	6,000	1,637	705	1,168	0.68	0.61
		6,170	143,800	-	67,400	82,570	8,852	11,566	6.74	6.02
Power Generation & Distribution										
The Hub Power Company Limited	5.1.1	137,000	147,069	-	173,500	110,569	12,202	18,032	10.51	9.38
K- Electric Limited *	-	-	562,290	-	173,500	388,790	2,580	2,233	1.30	1.16
Nishat Chunian Power Limited	-	-	356,000	-	356,000	-	-	-	-	-
Nishat Power Limited	-	-	323,000	-	323,000	-	-	-	-	-
		137,000	1,388,359	-	1,026,000	499,359	14,783	20,265	11.81	10.54
Property										
TPL Properties Limited	-	87,500	-	12,500	75,000	848	656	0.38	0.34	0.00
		-	87,500	-	12,500	75,000	848	656	0.38	0.34
Miscellaneous										
Pakistan Hotels Developers Ltd	-	1,500	-	1,500	-	-	-	-	-	-
Pakistan Aluminium Beverage Cans Limited	-	20,500	-	20,500	-	-	-	-	-	-
		-	22,000	-	22,000	-	-	-	-	-
Total as at June 30, 2024		1,868,551	6,254,154	15,823	5,076,975	3,061,553	138,698	171,553	100.00	89.25 #N/A

* These have a face value of Rs. 3.5 per share

5.1.1 These investments include shares with market value aggregating to Rs. 34.43 million (2023: Rs. 14.45 million) which have been pledged with the National Clearing Company of Pakistan Limited (NCCPL) as collateral for guaranteeing settlement of the fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

5.1.2 These investments includes gross bonus shares as per Fund’s entitlement declared by the investee company. Previously due to amendments brought by the Finance Act, 2014 in the Income Tax Ordinance, 2001, the bonus shares received by the shareholders were to be treated as income and a tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax was to be collected at source by the investee company which was considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan (MUFAP), has filed a petition in Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has already withheld the shares (from Tax Year 2014 to Tax Year 2018) equivalent to 5% of bonus announcement of the Fund having aggregate fair market value of Rs. 0.16 million at June 30, 2024 (2023: Rs. 0.11 million) and not yet deposited on CDC account of department of Income tax while during the year no tax on bonus shares is being withheld by the investee company(s) due to the amendments brought by the Finance Act, 2018 in the Income Tax Ordinance, 2001 which excluded the the requirement of tax on bonus shares. Management is of the view that the decision will be in favor of the asset management company and accordingly has recorded the bonus shares on gross basis at fair value in its investments at year end. Further during the year ended 30 June 2024, the Finance Act 2023 again introduced a 10 percent tax on value of bonus shares. However, no tax has been withheld on the bonus shares received by the Fund during the year.

5.2 Investment in Government Securities - Ijarah Sukuk - at fair value through profit or loss

Islamic Asset Allocation Fund

Issue Date	Tenor	Face value			Amortised cost as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of	
		As at July 1, 2023	Purchased during the period	Sold during the period			Total investments of sub-fund	Net assets of sub-fund
		(Rupees in '000')					(%)	
23-Aug-23	1 Year	7,000	-	7,000	-	-	-	-
23-Aug-23	1 Year	3,000	-	3,000	-	-	-	-
23-Aug-23	1 Year	2,000	-	2,000	-	-	-	-
08-Sep-23	1 Year	5,000	-	5,000	-	-	-	-
		17,000	-	17,000	-	-	-	-

Islamic Asset Allocation Fund Plan 2

Issue Date	Tenor	Face value			Amortised cost as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of		
		As at July 1, 2023	Purchases during the year	Sales during the year			Total investments of sub-fund	Net assets of sub-fund	
		(Rupees in '000')					(%)		
26-Oct-22	5 Year	-	100,000	-	100,000	49,452	51,755	11.06	8.69
17-Apr-23	1 Year	70,000	-	70,000	-	-	-	-	-
26-Jun-23	3 Year	-	50,000	-	50,000	55,000	55,732	11.91	9.36
04-Dec-23	5 Year	-	55,000	-	55,000	100,943	100,580	21.49	16.89
		70,000	205,000	70,000	205,000	205,395	208,067	33.40	26.25

5.2.1 These carry profit at the rate ranging between 15.75% to 23.60% (2022: 22.68%) per annum receivable semi-annually in arrears.

5.3 Sukuk Bonds - at fair value through profit or loss

HBL ISLAMIC ASSET ALLOCATION FUND

Notes to the Financial Statements

For the year ended June 30, 2024

Name of the Investee Company	As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024	Amortised Cost as at June 30, 2024	Market value as at June 30, 2024	Provision against non-performing securities	Carrying Value	Market value as percentage of	
									Total investments	Net Assets
	------(Number of certificates)-----				------(Rupees in '000)-----		Note 5.3.1		------%-----	
Islamic Asset Allocation Fund Plan 1										
Commercial Banks										
Meezan Bank Limited - Perpetual	283	-	283	-	-	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited - Perpetual	4,000	-	4,000	-	-	-	-	-	-	-
Al Baraka Bank Pakistan Limited	60	-	-	60	60,060	59,892	-	59,892	7.05	5.22
Al Baraka Bank Pakistan Limited	-	33	-	33	25,025	25,075	-	25,075	2.95	2.19
Dubai Islamic Bank Pakistan Limited- Tier II	39	-	-	39	39,053	39,128	-	39,128	4.60	3.41
	4,382	33	4,283	132	124,138	124,095	-	124,095	14.60	10.82
Power Generation & Distribution										
Hub Power Company Limited	3,015	-	3,015	-	-	-	-	-	-	-
Pakistan Energy Sukuk - II	175,500	-	60,000	115,500	577,616	578,193	-	578,193	68.04	50.42
K-Electric Limited - Sukuk V	2,920	-	-	2,920	9,664	9,565	-	9,565	1.13	0.83
K-Electric Limited - Sukuk VI	1,000	-	1,000	-	-	-	-	-	-	-
	182,435	-	64,015	118,420	587,279	587,758	-	587,758	69.16	51.25
Miscellaneous										
Agha Steel Industries Limited	33	-	-	33	22,440	22,440	(4,488)	17,952	2.11	1.57
Ghani Chemical Industries Limited	-	1,200	-	1,200	120,000	120,000	-	120,000	14.12	10.46
	33	-	-	1,233	142,440	142,440	(4,488)	137,952	16.23	12.03
Total	186,850	33	68,298	119,785	853,858	854,293	(4,488)	849,805	100.00	74.10

Name of the Investee Company	As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024	Amortised Cost as at June 30, 2024	Market value as at June 30, 2024	Provision against non-performing securities	Carrying Value	Market value as percentage of	
									Total investments	Net Assets
	------(Number of certificates)-----				------(Rupees in '000)-----		Note 5.3.1		------%-----	
Islamic Asset Allocation Fund Plan 2										
Commercial Banks										
Meezan Bank limited - Perpetual	12	-	-	12	12,000	12,000	-	12,000	2.56	2.02
Dubai Islamic Bank Limited- Tier II	60	-	-	60	60,082	60,197	-	60,197	12.86	10.11
	72	-	-	72	72,082	72,197	-	72,197	15.43	12.12
Power Generation & Distribution										
Pakistan Energy Sukuk - II	12,000	-	-	12,000	60,012	60,072	-	60,072	12.84	10.09
K-Electric Limited - Sukuk V	12,000	-	-	12,000	39,715	39,682	-	39,682	8.48	6.66
	24,000	-	-	24,000	99,727	99,754	-	99,754	21.32	16.75
Miscellaneous										
Pakistan International Corporation Limited	5.3.2	12,000	-	12,000	-	-	-	-	-	-
PIA Holding Company Limited	5.3.2	-	12,000	-	48,750	50,494	-	50,494	10.79	8.48
Mughal Iron & Steel Industries Limited		85	-	85	37,188	37,436	-	37,436	8.00	6.29
	12,085	12,000	-	85	85,938	87,931	-	87,931	18.79	14.77
Total	36,157	12,000	-	24,157	257,747	259,882	-	259,882	55.54	43.65

Significant terms and conditions of Sukuk bonds outstanding as at June 30, 2024 are as follows

Name of Security	Remaining Principle (per Sukuk)	Mark-up rate (per annum)	Date of Issue	Maturity Date
Meezan Bank Limited - Perpetual	1,000,000	3-months Kibor + 1.75%	1-Aug-18	-
Al Baraka Bank Pakistan Limited	1,000,000	6 months Kibor + 0.75%	22-Aug-17	22-Aug-24
Al Baraka Bank Pakistan Limited	757,576	6 months Kibor + 1.5%	22-Dec-21	22-Dec-31
Dubai Islamic Bank Limited- Tier II	1,000,000	6 months Kibor + 0.70%	02-Dec-22	02-Dec-32
Pakistan Energy Sukuk - II	5,000	6 months Kibor - 0.10%	21-May-20	21-May-30
K-Electric Limited - Sukuk V	3,250	3 months Kibor + 1.70%	03-Aug-20	03-Aug-27
Agha Steel Industries Limited	680,000	3 months Kibor + 0.80%	17-Aug-23	17-Aug-27
PIA Holding Company Limited	4,758	Lower of Kibor or 12%	01-Jan-24	01-Jan-34
Mughal Iron & Steel Industries Limited	437,500	3-months Kibor + 1.30%	02-Mar-21	02-Mar-26
Ghani Chemical Industries Limited	100,000	3-months Kibor + 1.25%	16-Jan-24	16-Jan-30

5.3.1 This represents Provision made against non performing securities in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP.

5.3.2 During the year, Pakistan International Airline Corporation Limited (PIACL) entered into a restructuring arrangement with banks and sukuk agents. This restructuring plan involves the formation of a Holding Company (HoldCo), named PIA Holding Company Limited (PIAHCL), with the same shareholder structure as PIACL, and the subsequent transfer of its financing arrangements with banks and Sukuk holders to the newly established entity. The fair value of the Sukuk has been determined using the 10-year PKRV rate as of the effective date of the restructuring agreement i.e., 1 January 2024. Resultantly, a fair value loss amounting to Rs. 7.289 million was recognised in the income statement due to restructuring.

5.4 Sukuk Bonds - At amortised cost

Name of the Investee Company	Maturity date	As at July 1, 2023	Placements made during the year	Income accrued	Matured / Sale during the year	Market value as at June 30, 2024	Market value as a percentage of	
							Total investments	Net Assets
							-----%-----	
							-----%-----	
Islamic Asset Allocation Fund Plan 1								
K-Electric Limited - Short Term Sukuk XIII	09-Aug-23	15,000	-	331	15,000	-	-	-
K-Electric Limited - Short Term Sukuk-XV	21-Sep-23	30,000	-	1,522	30,000	-	-	-
		45,000	-	1,853	45,000	-	-	-
Islamic Asset Allocation Fund Plan 2								
The Hub Power Company Limited - Sukuk	18-Nov-23	-	32,000	184	32,000	-	-	-
Lucky Electric Limited - Sukuk	30-Oct-23	-	26,000	221	26,000	-	-	-
		-	58,000	404	58,000	-	-	-

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

	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	----- (Rupees in '000) -----			
Market value of investments	171,553	854,293	467,951	1,493,797
Less: cost / carrying value of investments	(138,698)	(853,858)	(463,142)	(1,455,698)
	32,855	435	4,809	38,099

	June 30, 2024				June 30, 2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
6. DIVIDEND RECEIVABLE AND ACCRUED PROFIT								
Dividend receivable	86	-	-	86	35	-	-	35
Profit accrued on deposits with banks	462	4,008	1,666	6,136	315	4,479	1,627	6,421
Profit accrued on Sukuks - Listed	-	25,506	4,706	30,212	-	48,023	6,000	54,023
Profit accrued on GOP Ijara Sukuks	-	-	4,658	4,658	-	-	3,253	3,253
	548	29,514	11,030	41,092	350	52,502	10,880	63,732
7. PRELIMINARY EXPENSES AND FLOTATION COSTS								
Opening balance	-	86	-	86	-	129	-	129
Less: amortised during the year / period	-	(43)	-	(43)	-	(43)	-	(43)
Closing balance	-	43	-	43	-	86	-	86

7.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the IAAF Plan 1 and are being amortised over a year of five years commencing from the end of the initial offering year as per the requirements set out in the Trust Deed of the fund and the NBFC regulations.

	Note	June 30, 2024				June 30, 2023			
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES									
Security deposit with National Clearing Company of Pakistan Limited		2,500	4,074	-	6,574	3,674	9,494	7,700	20,868
Security deposit with Central Depository Company of Pakistan Limited		100	100	100	300	100	100	100	300
Other Receivables		121	-	-	121	84	-	-	84
Advance tax	8.1	423	1,367	-	1,790	201	1,292	-	1,493
Receivable from Management Company	9.4	351	-	-	351	36	-	-	36
		3,495	5,541	100	9,136	4,095	10,886	7,800	22,781

8.1 This pertains to tax deducted by bank due to non availability of the withholding tax exemption certificate for certain months on bank profit which will be claimed on filing of tax return of the Fund.

		June 30, 2024				June 30, 2023				
		Islamic Asset	Islamic Asset	Islamic Asset	Total	Islamic Asset	Islamic Asset	Islamic Asset	Total	
		Allocation Fund	Allocation Fund	Allocation Fund		Allocation Fund	Allocation Fund	Allocation Fund		
			Plan 1	Plan 2		Plan 1	Plan 2			
9.	PAYABLE TO THE MANAGEMENT COMPANY	<i>Note</i>	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
	Management fee	9.1	313	138	319	770	125	253	261	639
	Sindh sales tax	9.2	41	18	41	100	16	33	34	83
	Selling and marketing expenses payable	9.3 & 9.4	69	-	-	69	128	-	-	128
	Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3	-	-	-	-	62	-	-	62
	Formation cost payable		-	245	155	400	-	245	155	400
			423	401	515	1,339	331	531	450	1,312

9.1 As per SECP S.R.O. 639 (I)/2019 dated June 20, 2019, there has been amendment in NBFC Regulation no. 61, in which limits over management fee had been removed and directed that the asset management company shall disclose in the offering document the maximum rate of management fee chargeable to collective investment scheme within allowed expense ratio limit. Further, the asset management company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document and such actual rate shall be disclosed in Fund manager report. The management fee expense charged by the asset management company varied between 0.15% to 2.15% (2023: 1.5%) during the year.

9.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 effective from July 01, 2017.

9.3 SECP through its S.R.O. 639 (I)/2019 dated June 20, 2019 has made an amendment in NBFC regulation no. 60 (3) point (s) and (v), in which limits to allocate fee and expenses pertaining to registrar services, accounting, operation, valuation services and selling and marketing expenses had been removed. Accordingly, the selling and marketing expense charged by the fund is 0.65% per annum (2023: 0.4% to 0.65%) and allocation of expenses pertaining to registrar services, accounting, operation, valuation services are 0.1% to 0.75% per annum (2023: 0.1% to 0.75%) of net assets of the Fund.

		June 30, 2024				June 30, 2023				
		Islamic Asset	Islamic Asset	Islamic Asset	Total	Islamic Asset	Islamic Asset	Islamic Asset	Total	
		Allocation Fund	Allocation Fund	Allocation Fund		Allocation Fund	Allocation Fund	Allocation Fund		
			Plan 1	Plan 2		Plan 1	Plan 2			
10.	PAYABLE TO THE TRUSTEE	<i>Note</i>	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
	Trustee's remuneration	10.1	31	71	37	139	17	127	30	174
	Sindh Sales Tax	10.2	4	9	5	18	2	16	4	22
			35	80	42	157	19	143	34	196

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.

Based on the Trust Deed, the tariff structure applicable to the Fund, Plan 1 and Plan 2 as at June 30, 2024 is as follows:

The trustee remuneration shall consist of reimbursement of actual custodial expenses / charges plus the following tariff:

Net assets

Up to Rs. 1,000 million
Exceeding Rs. 1,000 million

Tariff per annum

0.2% p.a. of NAV
Rs. 2 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million

10.2 Under the provisions of the NBFC Regulations a collective investment scheme categorised as balanced scheme is required to pay as annual fee to the SECP, an amount equal to 0.085%. However, as per SRO 685(I)/2019 dated 28th June, 2019, the Securities and Exchange Policy Board revised the rate of annual fee at 0.02% of net assets applicable on all categories of Collective Investment Schemes effective from July 1, 2019.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

SECP vide S.R.O 685(1)/2019 dated: June 28,2019 has revised rate of annual fee at 0.02% of net assets applicable on all categories of Collective Investment schemes from July 01 2019, the Fund has charged SECP Fee accordingly.

	Note	June 30, 2024				June 30, 2023			
		Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
		(Rupees in '000)				(Rupees in '000)			
12. ACCRUED EXPENSES AND OTHER LIABILITIES									
Auditors' remuneration payable		22	273	37	332	18	300	77	395
Charity payable	12.1	425	-	-	425	488	-	-	488
Federal excise duty	12.2	1,063	-	-	1,063	1,063	-	-	1,063
Withholding tax payable		1,872	43	251	2,166	-	-	248	248
Payable to brokers		60	130	-	190	351	88	8	447
Unclaimed dividend		25	-	-	25	25	-	-	25
Payable to NCCPL		19	10	53	82	35	35	28	98
Payable to Shariah advisor		24	16	15	55	1	17	4	22
Other payable		13,004	262	47	13,313	5,270	199	33	5,502
		16,514	734	403	17,651	7,251	639	398	8,288

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

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

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. During the year ended June 30, 2017, the SHO passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 1.063 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the net asset value of the Fund would have been higher by Rs. 0.9470 per unit (June 30, 2023: 1.0737 per unit).

13. CONTINGENCIES AND COMMITMENTS

Other than already disclosed in these financial statements, there are no contingencies and commitments outstanding as at June 30, 2024.

14. NUMBER OF UNITS IN ISSUE

Note	June 30, 2024				June 30, 2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Total
	Plan 1		Plan 2		Plan 1		Plan 2	
	----- (Rupees in '000) -----							
Total units in issue at the beginning of the year	990,052	19,035,929	4,890,279	24,916,260	1,862,442	24,096,292	-	25,958,734
Units issued during the year	14.1 798,289	12,598,559	5,922,233	19,319,081	33,755	24,396,202	9,783,035	34,212,992
Units redeemed during the year	(665,327)	(20,418,444)	(4,890,279)	(25,974,050)	(906,145)	(29,456,565)	(4,892,756)	(35,255,466)
Total units in issue at the end of the year	1,123,013	11,216,044	5,922,233	18,261,290	990,052	19,035,929	4,890,279	24,916,260

14.1 This includes 10,016 (2023: Nil), 1,997,647 (2023: 2,622,326) and 1,019,442 (2023: Nil) units issued at zero value as refund of capital for HBL IAAF, IAAF Plan 1 and IAAF Plan 2 , respectively.

14.2 The Management Company on 21 June 2024 declared final distribution of Rs. 8.9 per unit, Rs 22 per unit and Rs 21.35 per unit for HBL IAAF, IAAF Plan 1 and IAAF Plan 2, respectively. The aggregate cash distribution amounted to Rs. 7.46 million for HBL IAAF and Rs 1.49 million for HBL IAAF Plan 2 was in addition to refund of capital as stated in note 14.1, while there was no cash distribution in IAAF Plan 1 during the year.

15. RETURN ON INVESTMENTS CALCULATED USING EFFECTIVE YIELD METHOD

	June 30, 2024				June 30, 2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund	Total
	Plan 1		Plan 2		Fund Plan 1		Fund Plan 2	
	----- (Rupees in '000) -----							
Sukuk certificates	165	290,390	62,111	352,666	732	302,537	52,136	355,405
Commercial Paper	-	-	-	-	262	-	-	262
Government of Pakistan - Ijarah Sukuks	-	-	30,634	30,634	-	-	3,210	3,210
	165	290,390	92,745	383,300	994	302,537	55,346	358,877

16. PROFIT ON DEPOSITS WITH BANKS CALCULATED USING EFFECTIVE YIELD METHOD

Profit on savings accounts	5,701	63,022	17,170	85,892	4,468	59,317	12,940	76,725
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17. AUDITORS' REMUNERATION

Annual audit fee	23	269	90	382	7	257	68	332
Fee for half yearly review	5	63	21	90	4	62	12	78
Other certifications and out of pocket expenses	7	82	27	116	6	105	19	130
	36	415	138	588	17	424	100	541

18. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the NBFC Regulation, the Fund is required to distribute 90% of the net accounting income other than capital gains, whether realised or unrealised, to the unit holders. HBL IAAF, Plan - 1 and Plan - 2 has distributed more than 90% of the their accounting income for the year as reduced by capital gains, whether realised or unrealised, to their unit holders during the period, accordingly no provision has been recorded in their financial statements.

19. EARNINGS PER UNIT

Earnings Per Unit (EPU) has not been disclosed as in the opinion of management determination of cumulative weighted average number of outstanding units is not practicable.

20. FINANCIAL INSTRUMENTS BY CATEGORY

	2024			2024			2024		
	Islamic Asset Allocation Fund			Islamic Asset Allocation Fund Plan 1			Islamic Asset Allocation Fund Plan 2		
	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)			(Rupees in '000)			(Rupees in '000)		
Financial assets									
Bank balances	34,104	-	34,104	263,203	-	263,203	118,828	-	118,828
Investments	-	171,553	171,553	-	849,805	849,805	-	467,951	467,951
Dividend receivable and accrued profit	548	-	548	29,514	-	29,514	11,030	-	11,030
Advances, deposits and other receivables	3,495	-	3,495	5,541	-	5,541	100	-	100
	38,147	171,553	209,700	298,258	849,805	1,148,063	129,958	467,951	597,909
Financial liabilities									
Payable to Management Company	423	-	423	401	-	401	515	-	515
Payable to Trustee	35	-	35	80	-	80	42	-	42
Accrued expenses and other liabilities	15,451	-	15,451	734	-	734	403	-	403
Payable against purchase of investment	501	-	501	-	-	-	-	-	-
	16,410	-	16,410	1,215	-	1,215	960	-	960
	2023			2023			2023		
	Islamic Asset Allocation Fund			Islamic Asset Allocation Fund Plan 1			Islamic Asset Allocation Fund Plan 2		
	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)			(Rupees in '000)			(Rupees in '000)		
Financial assets									
Bank balances	18,906	-	18,906	256,273	-	256,273	104,454	-	104,454
Investments	-	83,648	83,648	45,000	1,566,016	1,611,016	-	371,399	371,399
Dividend receivable and accrued profit	350	-	350	52,502	-	52,502	10,880	-	10,880
Receivable against sale of investment	1,304	-	1,304	-	-	-	-	-	-
Advances, deposits and other receivables	4,095	-	4,095	10,886	-	10,886	7,800	-	7,800
	24,655	83,648	108,303	364,661	1,566,016	1,930,677	123,134	371,399	494,533
Financial liabilities									
Payable to Management Company	331	-	331	531	-	531	450	-	450
Payable to Trustee	19	-	19	143	-	143	34	-	34
Accrued expenses and other liabilities	6,188	-	6,188	639	-	639	398	-	398
	6,538	-	6,538	1,313	-	1,313	882	-	882

21. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of HBL Asset Management Limited being the Management Company, Habib Bank Limited being the Sponsor, Central Depository Company of Pakistan Limited, being the Trustee of the Fund, collective investment schemes managed by the Management Company, directors and officers of the Management Company, Trustee and unit holders holding 10 percent or more 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 the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

21.1 Transactions during the year

	June 30, 2024			June 30, 2023		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
HBL Asset Management Limited - Management Company						
Management fee	2,349	2,502	3,576	1,916	3,347	2,597
Sindh Sales Tax	305	325	465	249	435	338
Allocation of expenses related to registrar services, accounting, operation and valuation services	626	-	-	958	-	-
Selling and marketing expense	365	-	-	756	-	-
Formation Cost payable	-	43	-	-	43	8
Issuance of 32,878 units (2023: Nil units)	5,000	-	-	-	-	-
Dividend of 496 units (2023: Nil units) - net	85	-	-	-	-	-
Refund of capital of 1,042 units (2023: Nil units)	-	-	-	-	-	-
Habib Bank Limited - Sponsor						
Redemption of Nil units (2023: 531,283 units)	-	-	-	59,219	-	-
Bank charges	25	-	-	31	-	-
Profit earned during the period	508	-	-	88	-	-
Central Depository Company of Pakistan Limited - Trustee						
Remuneration	288	1,251	413	256	1,673	300
Sindh Sales Tax	37	163	54	33	218	39
Central Depository service charges	42	33	10	74	59	22
Executives and their relatives						
Issuance of 91,980 units (2023: 2,964 units)	14,973	-	-	300	-	-
Dividend on 2,321 units (2023: Nil units) - net	39	-	-	-	-	-
Redemption of 43,961 units (2023: 2964 units)	7,717	-	-	298	-	-
Refund of capital on 2,096 units (2023 : Nil units)	-	-	-	-	-	-
HBL Islamic Asset Allocation Fund - Plan 1						
Sale of sukuk	-	-	-	27,454	-	-
HBL Islamic Asset Allocation Fund						
Purchase of sukuk	-	-	-	-	27,454	-
Qatar Group (Private) Limited						
Purchase of sukuk	-	-	-	-	33,000	-
Pak-Qatar Individual Family Participant Investment Fund - Connected Person due to holding more than 10% units						
Issuance of 2,697,124 units (2023: 137,073 units)	-	333,154	-	-	15,000	-
Redemption of 5,605,245 units (2023: 3,094,242 units)	-	655,654	-	-	330,000	-
Refund of capital of 584,472 units (2023: 797,307 units)	-	-	-	-	-	-
Pak-Qatar Investment Account - Connected Person due to holding more than 10% units						
Issuance of 6,521,273 units (2023: 179,748 units)	-	805,519	-	-	20,000	-
Redemption of 11,012,424 units (2023: 2,396,758 units)	-	1,328,019	-	-	-	-
Refund of capital of 1,413,174 units (2023: 1,487,396 units)	-	-	-	-	-	-
HBL Islamic Income Fund						
Sale of GOP Ijarah	10,000	-	-	-	-	-
Purchase of GOP Ijarah	7,000	-	-	-	-	-
HBL Financial Sector Income Fund Plan-I						
Purchase of GOP Ijarah	5,000	-	-	-	-	-

HBL ISLAMIC ASSET ALLOCATION FUND

Notes to the Financial Statements

For the year ended June 30, 2024

	June 30, 2024			June 30, 2023		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2
	(Rupees in '000)			(Rupees in '000)		
HBL Asset Management Limited Employees Gratuity Fund						
Dividend on 242 units units (2023: Nil units) - net	42	-	-	-	-	-
HBL Asset Management Limited Employees Provident Fund						
Dividend on 701 units units (2023: Nil units) - net	120	-	-	-	-	-
Tariq Mehmood Malik						
Connected person due to 10% holding or more						
Dividend on 6,479 units units (2023: Nil units) - net	1,113	-	-	-	-	-
Abdullah Farooq Azam						
Connected person due to 10% holding or more						
Dividend on 5,003 units (2023: Nil units)	860	-	-	-	-	-
Dawood Family Takaful Limited - Aggressive Fund						
- Connected Person due to holding more than 10% units						
Issuance of 636,751 units (2023: 536,946 units)	-	-	77,686	-	-	55,000
Dividend on 1,629 units (2023: 6348) - net	-	-	164	-	-	183
Redemption of 636,751 units (2023: Nil units)	-	-	77,686	-	-	-
Refund of capital of 132,739 units (2023: 97,978 units)	-	-	-	-	-	-
Dawood Family Takaful Limited - Balanced Fund						
- Connected Person due to holding more than 10% units						
Issuance of 2,211,835 units (2023: 1,865,149 units)	-	-	269,853	-	-	195,000
Dividend of 5,659 units (2023: 1,828) - net	-	-	571	-	-	635
Redemption of 2,211,835 units (2023: Nil units)	-	-	269,853	-	-	-
Refund of capital of 461,085 units (2023: 340,337 units)	-	-	-	-	-	-
Dawood Family Takaful Limited - Income Fund						
- Connected Person due to holding more than 10% units						
Issuance of 1,474, 556 units (2023: 1,243,433 units)	-	-	179,902	-	-	130,000
Dividend on 3773 units (2023: 4,232) - net	-	-	381	-	-	423
Redemption of 1,474,556 units (2023: Nil units)	-	-	179,902	-	-	-
Refund of capital of 307,390 units (2023: 226,891 units)	-	-	-	-	-	-
Dawood Family Takaful Limited						
- Connected Person due to holding more than 10% units						
Issuance of 567,137 units (2023: 478,243 units)	-	-	69,193	-	-	50,000
Dividend of 1455 units (2023: 1,628 units) - net	-	-	147	-	-	163
Redemption of 567,137 units (2023: Nil units)	-	-	69,193	-	-	-
Refund of capital of 118,227 units (2023: 87,266 units)	-	-	-	-	-	-
21.2 Amounts outstanding as at year end						
HBL Asset Management Limited - Management Company						
Management fee	313	138	319	125	253	261
Sindh Sales Tax	41	18	41	16	33	34
Sales load payable	-	-	-	-	-	-
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	-	-	62	-	-
Charging of selling and marketing expenses	69	-	-	128	-	-
Formation cost	-	245	155	-	245	155
Investment held in the fund 34,416 units (June 30, 2023:Nil units)	5,966	-	-	-	-	-
Habib Bank Limited - Sponsor						
Investment held in the Fund Nil units (June 30, 2023: Nil units)	-	-	-	-	-	-
Bank balances	4,627	-	-	929	-	-
HBL Asset Management Ltd Employees Gratuity Fund						
Investment held in the Fund:5,151 units (June 30, 2023: 4,909 units)	893	-	-	499	-	-
HBL Asset Management Ltd Employees Provident Fund						
Investment held in the Fund: 14,870 units (June 30, 2023: 14,169 units)	2,578	-	-	1,441	-	-
Central Depository Company of Pakistan Limited - Trustee						
Remuneration payable	31	71	37	17	127	30
Sindh Sales Tax Payable	4	9	5	2	16	4
Security Deposit	100	100	100	100	100	100
Executives and their relatives						
Investment held in the Fund: 50,340 units (June 30, 2023: Nil units)	8,726	-	-	-	-	-
Tariq Mahmood Malik - Connected Person due to holding 10% or more units						
Investment held in the Fund: 187,104 units (June 30, 2023: 187,104 units)	33,557	-	-	19,026	-	-
Abdullah Farooq Azam - Connected Person due to holding 10% or more units						
Investment held in the Fund: 123,969 units (June 30, 2023: 118,966 units)	21,490	-	-	12,097	-	-
Pak-Qatar Individual Family Participant Investment Fund						
Investment held in the Fund: 3,281,597 units (June 2023: 5,605,246 units)	-	335,215	-	-	568,007	-
Pak-Qatar Investment Account						
Investment held in the Fund: 7,934,448 units (June 2023: 11,012,425 units)	-	1,015,614	-	-	1,115,943	-

	June 30, 2024			June 30, 2023		
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Dawood Family Takaful Limited - Aggressive Fund						
- Connected Person due to holding more than 10% units						
Investment held in the HBL IAAF Fund - Plan 2: 771,119 units(June 30, 2023: 636,751 units)	-	-	78,150	-	-	64,267
Dawood Family Takaful Limited Balanced Fund						
- Connected Person due to holding more than 10% units						
Investment held in the HBL IAAF Fund - Plan 2: 2,678,579 units(June 30, 2023: 2,211,835 units)	-	-	271,465	-	-	223,238
Dawood Family Takaful Limited Income Fund						
- Connected Person due to holding more than 10% units						
Investment held in the HBL IAAF Fund - Plan 2: 1,785,719 units(June 30, 2023: 1,474,556 units)	-	-	180,977	-	-	148,825
Dawood Family Takaful Limited						
- Connected Person due to holding more than 10% units						
Investment held in the HBL IAAF Fund - Plan 2: 686,819 units(June 30, 2023: 567,137 units)	-	-	69,606	-	-	57,241

* Investors who were reported as Connected Persons due to holding more than 10% units of Fund in the comparative period but does not hold at least 10% units of the Fund at the end of current period are not reported as related party.

22. INVESTMENT COMMITTEE

Details of members of the investment committee of the Fund are as follow:

	Name	Designation	Experience in years	Qualification
1	Mr. Mir Adil Rashid	Chief Executive Officer	25.2	BSc
2	Mr. Muhammad Ali Bhabha	Chief Investment Officer	28.9	CFA, FRM, MBA
3	Mr. Imad Ansari	Head of Risk	17.2	MBA
4	Mr. Rahat Saeed Khan	Head of Fixed Income	26.7	MBA
5	Mr. Ahsan Ali	Head of Research	8.3	CFA
6	Mr. Raza Abbas	Senior Fund Manager	21	M.Com

23. TOP TEN BROKERS / DEALERS

Top ten brokers during the year ended June 30, 2024

- 1 Arif Habib Limited
- 2 Intermarket Securities Limited
- 3 BMA Capital Management Limited
- 4 Chase Securities Pakistan (Private) Limited
- 5 JS Global Capital Limited
- 6 Rafi Securities (Private) Limited
- 7 DJM Securities Limited
- 8 Taurus Securities Limited
- 9 Insight Securities (Private) Limited
- 10 KTrade Securities Limited (Formerly) Khadim Ali Shah Bukhari Securities Limited

Top ten brokers during the year ended June 30, 2023

- 1 Intermarket Securities Limited
- 2 Arif Habib Limited
- 3 EFG Hermes Pakistan Limited
- 4 DJM Securities Limited
- 5 Sherman Securities (Private) Limited
- 6 KTrade Securities Limited (Formerly) Khadim Ali Shah Bukhari Securities Limited
- 7 JS Global Capital Limited
- 8 Optimus Capital Management (Private) Limited
- 9 Ismail Iqbal Securities (Private) Limited
- 10 Darson Securities (Private) Limited

24. PATTERN OF UNIT HOLDING

	At June 30, 2024			
	Number of		Investment amount (Rupees in '000)	Percentage
	Unit holders	Units held		
Islamic Asset Allocation Fund				
Individuals	281	1,017,739	174,194	90.63%
Retirement Funds	-	-	-	0.00%
Trust	1	50,837	8,701	4.53%
Associated Companies	4	54,438	9,317	4.85%
Other corporate	-	-	-	0.00%
	286	1,123,014	192,212	100%
Islamic Asset Allocation Fund Plan 1				
Insurance companies	3	11,216,045	1,146,800	100.00%
	3	11,216,045	1,146,800	100.00%
Islamic Asset Allocation Fund Plan 2				
Insurance companies	4	5,922,233	600,389	100.00%
	4	5,922,233	600,389	100.00%
At June 30, 2023				
	Number of		Investment amount (Rupees in '000)	Percentage
	Unit holders	Units held		
Islamic Asset Allocation Fund				
Individuals	123	847,099	86,139	85.56%
Retirement Funds	2	75,092	7,636	7.58%
Trust	1	48,785	4,961	4.93%
Associated Companies	2	19,078	1,940	1.93%
Other corporate	-	-	-	0.00%
	128	990,054	100,676	100.00%
Islamic Asset Allocation Fund Plan 1				
Insurance companies	5	19,035,929	1,929,004	100.00%
	5	19,035,929	1,929,004	100.00%
Islamic Asset Allocation Fund Plan 2				
Insurance companies	4	4,890,279	493,569	100.00%
	4	4,890,279	493,569	100.00%

25. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

Six meetings of the Board of Directors were held on August 25, 2023, October 20, 2023, October 27, 2023, January 25, 2024, February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
1 Mr. Shahid Ghaffar	6	6	-	-
2 Ms. Ava A. Cowasjee	6	6	-	-
3 Mr. Rayomond H. Kotwal	6	5	1	-
4 Mr. Abrar Ahmed Mir	6	6	-	October 27, 2023.
5 Mr. Tariq Masaud	6	6	-	-
6 Mr. Abid Sattar	6	6	-	-
7 Mr. Khalid Malik	6	6	-	-

26. FINANCIAL RISK MANAGEMENT

26.1 The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.

26.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligations. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

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

- The Fund limits its exposure to credit risk by only investing in instruments and bank deposits that have a minimum "AA-" from a credit rating agency duly approved by the SECP.
- Investment transactions are carried out with large number of brokers, whose credit rating is taken into account so as to minimize the risk of default and transactions are settled or paid for only upon deliveries.
- The risk of counter party exposure due to failed trade causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks (including related party).

The table below analyses the Fund's maximum exposure to credit risk:

HBL ISLAMIC ASSET ALLOCATION FUND

Notes to the Financial Statements

For the year ended June 30, 2024

	Rating Agency	Rating	2024			2023		
			Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan-1	Islamic Asset Allocation Fund Plan-2	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan-1	Islamic Asset Allocation Fund Plan-2
			----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Bank balances by rating category								
Habib Bank Limited	VIS	AAA	4,627	-	-	929	-	-
Bank Al Habib Limited	PACRA	AA+	479	-	-	172	-	-
National Bank of Pakistan	VIS	AAA	4	1	-	150	16	-
Allied Bank Limited	PACRA	AAA	9	-	2,157	8	10	2,157
Askari Bank Limited	PACRA	AA+	15	-	-	14	-	-
Habib Metropolitan Bank Limited	PACRA	AA+	6	-	-	6	-	-
Dubai Islamic Bank Pakistan Limited	VIS	AA	4,315	-	-	4,689	-	-
Soneri Bank Limited	PACRA	AA-	24,051	5,113	-	113	389	-
BankIslami Pakistan Limited	PACRA	AA-	141	54,990	116,660	531	1,061	102,288
The Bank of Khyber Limited	PACRA	A+	2	-	-	2	-	-
Al Baraka Bank (Pakistan) Limited	VIS	A+	389	202,866	-	12,206	14,774	-
MIB Bank Limited	PACRA	A+	57	-	-	55	-	-
Summit Bank Limited	VIS	Suspended	-	-	-	11	-	-
U-Micro Finance Bank Limited	PACRA	A+	10	9	-	10	9	-
Bank Alfalah Limited	VIS	AAA	-	11	-	10	10	-
Faysal Bank Limited	VIS	AA	-	213	-	-	240,004	-
Meezan Bank Limited	VIS	AAA	-	-	11	-	-	10
			34,104	263,203	118,828	18,906	256,273	104,455
Investments by rating category								
Sukuk certificates								
Al Baraka Bank Pakistan Limited	VIS	A+	-	84,967	-	-	60,060	-
Dubai Islamic Bank Pakistan Limited- Tier II	VIS	AA	-	39,128	60,197	-	59,053	60,082
Pakistan Energy		Unrated	-	578,193	60,072	-	877,676	60,012
K-Electric Limited	VIS	AA	-	9,565	39,682	-	157,644	51,935
Agha Steel Industries Limited	VIS	CCC	-	22,440	-	-	22,079	-
Ghani Chemical Industries Limited	PACRA	A	-	120,000	-	-	-	-
Meezan Bank limited - Perpetual	VIS	AAA	-	-	12,000	-	283,000	12,000
Pakistan International Corporation Limited		Unrated	-	-	-	-	-	58,890
Mughal Iron & Steel Industries Limited	VIS	A+	-	-	37,436	-	-	58,438
Hub Power Company Limited	PACRA	AA+	-	-	-	-	151,504	-
			-	854,293	209,388	-	1,611,016	301,357
Government Securities								
GoP ijarah			-	-	208,067	-	70,042	70,042
Dividend receivable and accrued mark-up								
			548	29,514	11,030	52,502	10,880	63,732
Accruals, Deposits and other receivables								
			2,600	4,174	100	9,594	7,800	21,168

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentrations of credit risk.

The Fund's activities may give rise to settlement risk. '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.

For the 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.

26.3 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 offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unit holder's redemptions at any time. The Fund manages the liquidity risk by maintaining maturities of financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets. The Fund's investments are considered to be readily realisable as they are all invested in equity securities, government securities, sukuk certificates, commercial papers and saving accounts. 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.

In accordance with the risk management policy of the Fund, the Fund manager monitors the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

In accordance with regulation 58(1)(k) of the NBFC Regulations, 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen percent of the net assets. However, no such borrowing has been obtained during the year ended June 30, 2024.

Further, the Fund is also allowed in accordance with regulation 57 (10) of the NBFC Regulations, 2008, to defer redemption requests to the next dealing day, had such requests exceed ten percent of the total number of units in issue.

26.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and debt security prices.

i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market profit rates. The Fund's profit rate is monitored on a quarterly basis by the board of directors.

As at June 30, 2024 the balances that may be exposed to profit rate risk are as follows:

	2024				2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
<i>Variable rate instruments</i>								
Bank balances	34,104	263,203	118,828	416,135	18,906	256,273	104,454	379,633
Sukuk bonds - at fair value through profit or loss	-	849,805	259,884	1,109,689	-	1,566,016	301,357	1,867,373
GoP Ijarah - at fair value through profit or loss	-	-	208,067	208,067	-	-	70,042	70,042
	34,104	1,113,008	586,779	1,733,891	18,906	1,822,289	475,853	2,317,048
<i>Fixed rate instrument</i>								
Investments - At amortised cost	-	-	-	-	-	45,000	-	45,000
	-	-	-	-	-	45,000	-	45,000

Cash flow sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in savings accounts. The net income for the year would have increased / (decreased) had the profit rates on savings accounts with banks increased / (decreased) by 100 basis point is as follows

	Effect on total comprehensive income and net assets				Effect on total comprehensive income and net assets			
	2024				2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
100	341	2,632	1,188	4,161	189	2,563	1,045	3,796
(100)	(341)	(2,632)	(1,188)	(4,161)	(189)	(2,563)	(1,045)	(3,796)

As at June 30, 2024, the Fund hold's sukuk bonds which are classified as 'fair value through profit or loss', exposing the Fund to cash flow profit rate risk and fair value profit rate risk. In case of 100 basis points increase / decrease in mark-up rates on June 30, 2024, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

	Total Exposure				Total Exposure			
	2024				2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
GoP ijarah	-	-	208,067	208,067	-	-	70,042	70,042
Sukuk bonds	-	849,805	259,882	1,109,687	-	1,566,016	301,357	1,867,373

	Effect on total comprehensive income and net assets				Effect on total comprehensive income and net assets			
	2024				2023			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Change in basis points - Fair value profit rate risk								
100	-	(24,381)	(6,175)	(30,556)	-	(39,951)	(8,124)	(48,075)
(100)	-	40,360	6,443	46,804	-	42,015	8,551	50,565
Change in basis points - Cash Flow profit rate risk								
100	-	3,048	404	3,048	-	37,144	2,687	37,144
(100)	-	(3,048)	(404)	(3,048)	-	(37,144)	(2,687)	(37,144)

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association are expected to change overtime. Accordingly, the sensitivity analysis prepared as of June 30, 2024, is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield profit 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.

Sensitivity analysis for fixed rate instruments

	2023				2022			
	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total	Islamic Asset Allocation Fund	Islamic Asset Allocation Fund Plan 1	Islamic Asset Allocation Fund Plan 2	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Change in basis points								
100	-	-	-	-	-	141	-	141
(100)	-	-	-	-	-	(141)	-	(141)

	Profit rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total
		Three months	Six months	One year			
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
<u>Islamic Asset Allocation Fund</u>							
Financial assets							
Bank balances	10 - 22.5	34,104	-	-	-	-	34,104
Investments classified as:							
'At fair value through Profit or Loss'							
- Listed Equity securities		-	-	-	-	171,553	171,553
Dividend receivable and accrued profit		-	-	-	-	548	548
Receivable against sale of investment		-	-	-	-	-	-
Advances, deposits and other receivables		-	-	-	-	3,495	3,495
Total financial assets		34,104	-	-	-	175,596	209,700
Financial liabilities							
Payable to the Management Company		-	-	-	-	423	423
Payable to the Trustee		-	-	-	-	35	35
Accrued expenses and other liabilities		-	-	-	-	15,451	15,451
Total financial liabilities		-	-	-	-	15,909	15,909
On-balance sheet gap		34,104	-	-	-	159,687	193,791
Off-balance sheet financial instruments		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-

	Profit rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total
		Three months	Six months	One year			
----- (Rupees in '000) -----							
On-balance sheet financial instruments							
<u>Islamic Asset Allocation Fund Plan 1</u>							
Financial assets							
Bank balances	10 - 22.5	263,203	-	-	-	-	263,203
Investments classified as:							
'At fair value through Profit or Loss'							
- Sukuk Certificates	KIBOR+ 3M-1Yr -0.1%-1.9%	59,892	-	-	789,913	-	849,805
Dividend receivable and accrued mark-up		-	-	-	-	29,514	29,514
Advances, deposits and other receivables		-	-	-	-	5,541	5,541
Total financial assets		323,095	-	-	789,913	35,055	1,148,063
Financial liabilities							
Payable to the Management Company		-	-	-	-	401	401
Payable to the Trustee		-	-	-	-	80	80
Accrued expenses and other liabilities		-	-	-	-	734	734
Total financial liabilities		-	-	-	-	1,215	1,215
On-balance sheet gap		323,095	-	-	789,913	33,840	1,146,848
Off-balance sheet financial instruments		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-

At June 30, 2024						
Profit rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total
	Three months	Six months	One year			
On-balance sheet financial instruments						
(Rupees in '000)						
Islamic Asset Allocation Fund Plan 2						
Financial assets						
Bank balances	10 - 22.5	118,828	-	-	-	118,828
Certificate of Musharaka		-	-	-	-	-
Investments classified as:						
'At fair value through Profit or Loss'						
- Sukuk Certificates	KIBOR+ 3M-6M	-	-	-	259,884	259,884
- GoP Ijarah Sukuks	-0.1%-1.75%	-	-	-	208,067	208,067
Dividend receivable and accrued mark-up		-	-	-	11,030	11,030
Advances, deposits and other receivables		-	-	-	100	100
Total financial assets		118,828	-	-	467,951	597,909
Financial liabilities						
Payable to the Management Company		-	-	-	515	515
Payable to the Trustee		-	-	-	42	42
Accrued expenses and other liabilities		-	-	-	403	403
Total financial liabilities		-	-	-	960	960
On-balance sheet gap		118,828	-	-	467,951	596,949
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

At June 30, 2023						
Profit rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total
	Three months	Six months	One year			
On-balance sheet financial instruments						
(Rupees in '000)						
Islamic Asset Allocation Fund						
Financial assets						
Bank balances	7.25 - 20	18,906	-	-	-	18,906
Investments classified as:						
'At fair value through Profit or Loss'						
- Listed Equity securities		-	-	-	83,648	83,648
Dividend receivable and accrued profit		-	-	-	350	350
Receivable against sale of investment		1,304	-	-	-	-
Advances, deposits and other receivables		-	-	-	4,095	4,095
Total financial assets		20,210	-	-	88,093	106,999
Financial liabilities						
Payable to the Management Company		-	-	-	331	331
Payable to the Trustee		-	-	-	19	19
Accrued expenses and other liabilities		-	-	-	6,188	6,188
Total financial liabilities		-	-	-	6,538	6,538
On-balance sheet gap		20,210	-	-	81,555	100,461
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

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At June 30, 2023							
Profit rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total	
	Three months	Six months	One year				
On-balance sheet financial instruments							
<u>Islamic Asset Allocation Fund Plan 1</u>							
Financial assets							
Bank balances	7.25 - 20	256,273	-	-	-	256,273	
Investments classified as:							
'At fair value through Profit or Loss'							
- Sukuk Certificates	KIBOR+ 3M-1Yr -0.1-1.9	-	45,000	211,564	1,354,452	-	1,611,016
Dividend receivable and accrued mark-up		-	-	-	-	52,502	52,502
Advances, deposits and other receivables		-	-	-	-	10,886	10,886
Total financial assets		256,273	45,000	211,564	1,354,452	63,388	1,930,677
Financial liabilities							
Payable to the Management Company		-	-	-	-	531	531
Payable to the Trustee		-	-	-	-	143	143
Accrued expenses and other liabilities		-	-	-	-	639	639
Total financial liabilities		-	-	-	-	1,313	1,313
On-balance sheet gap		256,273	45,000	211,564	1,354,452	62,075	1,929,364
Off-balance sheet financial instruments		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-

At June 30, 2023							
Profit rate (%)	Maturity Up to			More than one year	Not exposed to profit rate risk	Total	
	Three months	Six months	One year				
On-balance sheet financial instruments							
<u>Islamic Asset Allocation Fund Plan 2</u>							
Financial assets							
Bank balances	7.25 - 20	104,454	-	-	-	-	104,454
Investments classified as:							
'At fair value through Profit or Loss'							
- Sukuk Certificates	KIBOR+ 3M-1Yr 0.70-1.75	-	-	-	301,357	-	301,357
- GoP Ijarah Sukuks		-	-	70,042	-	-	70,042
Dividend receivable and accrued mark-up		-	-	-	-	10,880	10,880
Advances, deposits and other receivables		-	-	-	-	7,800	7,800
Total financial assets		104,454	-	70,042	301,357	18,680	494,533
Financial liabilities							
Payable to the Management Company		-	-	-	-	450	450
Payable to the Trustee		-	-	-	-	34	34
Accrued expenses and other liabilities		-	-	-	-	150	150
Total financial liabilities		-	-	-	-	634	634
On-balance sheet gap		104,454	-	70,042	301,357	18,046	493,899
Off-balance sheet financial instruments		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-

ii) Foreign Currency risk

Foreign currency risk 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

iii) Price risk

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 Fund in which the investment is made, change in business circumstances of the Fund, industry environment and / or the economy in general.

	2024		2023	
	Islamic Asset Allocation Fund		Islamic Asset Allocation Fund	
	Fund Equity Portfolio	KMI-30 Benchmark Portfolio	Fund Equity Portfolio	KMI-30 Benchmark Portfolio
	-----%-----		-----%-----	
Cement	20.42	15.16	23.61	10.68
Chemical	0.41	0.14	-	-
Engineering	2.33	2.33	2.25	0.98
Automobile Assembler	2.53	2.91	-	-
Automobile Parts & Accessories	3.30	0.48	-	-
Oil and Gas Expoloration Companies	23.03	36.38	26.55	41.98
Oil and Gas Marketing Companies	14.65	3.41	6.65	4.63
Refinery	2.94	1.28	3.08	1.10
Commercial Banks	5.44	15.44	13.11	10.47
Fertilizer	1.19	1.32	5.93	15.62
Technology and Communication	2.72	4.19	5.43	7.14
Glass and Ceramics	1.05	0.58	-	-
Pharmaceuticals	6.74	5.06	2.00	1.97
Power Generation & Distribution	11.81	9.78	11.40	5.43
Paper and Board	1.05	0.35	-	-
Property	0.38	1.22	-	-
	100.00	100.00	100.00	100.00

In case of 5% increase / decrease in KMI-30 index on June 30, 2024 with all other variables held constant, other components of equity and the net assets of the Fund would increase / decrease by Rs. 8.73 million as a result of gains / losses on equity securities

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Funds equity instruments moved according to the historical correlation with the index. This represents managements best estimate of a reasonable possible shift in the KMI-30 index, having regard to the historical volatility of the index. The composition of the Funds investment portfolio and the correlation thereof to the KMI-30 index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KMI-30 index.

In addition to unit holders' fund, the analysis below summarizes the Fund's financial liabilities into relevant maturity grouping as at June 30, 2024:

	At June 30, 2024														
	Islamic Asset Allocation Fund					Islamic Asset Allocation Fund Plan 1					Islamic Asset Allocation Fund Plan 2				
	Maturity Up to				Total	Maturity Up to				Total	Maturity Up to			Total	
	Three months	Six months	One year	More than one year		Three months	Six months	One year	More than one year		Three months	Six months	One year		
Financial liabilities	(Rupees in '000)					(Rupees in '000)					(Rupees in '000)				
Payable to Management Company	423	-	-	-	423	401	-	-	-	401	515	-	-	-	515
Payable to Trustee	35	-	-	-	35	80	-	-	-	80	42	-	-	-	42
Accrued expenses and other liabilities	15,451	-	-	-	15,451	734	-	-	-	734	403	-	-	-	403
Payable against purchase of investment	501	-	-	-	501	-	-	-	-	-	-	-	-	-	-
	16,410	-	-	-	16,410	1,215	-	-	-	1,215	960	-	-	-	960
Unit holders' fund	192,213	-	-	-	192,213	1,146,800	-	-	-	1,146,800	595,444	-	-	-	595,444

	At June 30, 2023														
	Islamic Asset Allocation Fund					Islamic Asset Allocation Fund Plan 1					Islamic Asset Allocation Fund Plan 2				
	Maturity Up to				Total	Maturity Up to				Total	Maturity Up to			Total	
	Three months	Six months	One year	More than one year		Three months	Six months	One year	More than one year		Three months	Six months	One year		
Financial liabilities	(Rupees in '000)					(Rupees in '000)					(Rupees in '000)				
Payable to Management Company	331	-	-	-	331	531	-	-	-	531	450	-	-	-	450
Payable to Trustee	19	-	-	-	19	143	-	-	-	143	34	-	-	-	34
Accrued expenses and other liabilities	6,188	-	-	-	6,188	639	-	-	-	639	398	-	-	-	398
	6,538	-	-	-	6,538	1,313	-	-	-	1,313	882	-	-	-	882
Unit holders' fund	3,767	-	-	-	3,767	1,423,887	-	-	-	1,423,887	493,571	-	-	-	493,571

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

26.5 Unit holders' fund risk management (Capital risk management)

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

In order to maintain or adjust the unit holders' Fund structure, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the management company critically track the movement of 'Assets under Management'. The Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

26.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

27. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

The Fund's accounting policy on fair value measurements of financial instruments is discussed in note 3.2 and 3.3 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

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For the year ended June 30, 2024

On-balance sheet financial instruments		Islamic Asset Allocation Fund								
		At June 30, 2024					Fair Value			
		Carrying amount			At amortised cost	Total	Level 1	Level 2	Level 3	Total
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income								
Financial assets measured at fair value		(Rupees in '000)								
Listed equity securities		171,553	-	-	-	171,553	171,553	-	-	171,553
		<u>171,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,553</u>				
Financial assets not measured at fair value										
Bank balances	27.2	-	-	-	34,104	34,104				
Dividend receivable and accrued mark-up		-	-	-	548	548				
Receivable against sale of investment		-	-	-	-	-				
Advances, deposits and other receivables		-	-	-	3,495	3,495				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>38,147</u>	<u>38,147</u>				
Financial liabilities not measured at fair value										
Payable to the Management Company	27.2	-	-	-	423	423				
Payable to the Trustee		-	-	-	35	35				
Accrued expenses and other liabilities		-	-	-	15,451	15,451				
Payable against purchase of investments		-	-	-	501	501				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>16,410</u>	<u>16,410</u>				
On-balance sheet financial instruments		Islamic Asset Allocation Fund Plan 1								
		At June 30, 2024					Fair Value			
		Carrying amount			At amortised cost	Total	Level 1	Level 2	Level 3	Total
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income								
Financial assets measured at fair value		(Rupees in '000)								
Sukuks bonds		849,805	-	-	-	849,805	-	849,805	-	849,805
GoP ijarah sukuks	27.1	-	-	-	-	-	-	-	-	-
		<u>849,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>849,805</u>				
Financial assets not measured at fair value										
Bank balances	27.2	-	-	-	263,203	263,203				
Dividend receivable and accrued mark-up		-	-	-	29,514	29,514				
Advances, deposits and other receivables		-	-	-	5,541	5,541				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>298,258</u>	<u>298,258</u>				
Financial liabilities not measured at fair value										
Payable to the Management Company	27.2	-	-	-	401	401				
Payable to the Trustee		-	-	-	80	80				
Accrued expenses and other liabilities		-	-	-	734	734				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,215</u>	<u>1,215</u>				
On-balance sheet financial instruments		Islamic Asset Allocation Fund Plan 2								
		At June 30, 2024					Fair Value			
		Carrying amount			At amortised cost	Total	Level 1	Level 2	Level 3	Total
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income								
Financial assets measured at fair value		(Rupees in '000)								
Listed equity securities		-	-	-	-	-	-	-	-	-
Sukuks bonds		259,884	-	-	-	259,884	-	259,884	-	259,884
GoP ijarah sukuks		208,067	-	-	-	208,067	-	208,067	-	208,067
		<u>467,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>467,951</u>				
Financial assets not measured at fair value										
Bank balances	27.2	-	-	-	118,828	118,828				
Dividend receivable and accrued mark-up		-	-	-	11,030	11,030				
Advances, deposits and other receivables		-	-	-	100	100				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>129,958</u>	<u>129,958</u>				
Financial liabilities not measured at fair value										
Payable to the Management Company	27.2	-	-	-	515	515				
Payable to the Trustee		-	-	-	42	42				
Accrued expenses and other liabilities		-	-	-	403	403				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>960</u>	<u>960</u>				
On-balance sheet financial instruments		Islamic Asset Allocation Fund								
		At June 30, 2023					Fair Value			
		Carrying amount			At amortised cost	Total	Level 1	Level 2	Level 3	Total
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income								
Financial assets measured at fair value		(Rupees in '000)								
Listed equity securities		83,648	-	-	-	83,648	83,648	-	-	83,648
Sukuks bonds		-	-	-	-	-	-	-	-	-
GoP ijarah sukuks		-	-	-	-	-	-	-	-	-
		<u>83,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,648</u>				
Financial assets not measured at fair value										
Bank balances	27.2	-	-	-	18,906	18,906				
Commercial paper		-	-	-	-	-				
Dividend receivable and accrued mark-up		-	-	-	350	350				
Receivable against sale of investment		1,304	-	-	-	1,304				
Advances, deposits and other receivables		-	-	-	4,095	4,095				
		<u>1,304</u>	<u>-</u>	<u>-</u>	<u>23,351</u>	<u>24,655</u>				
Financial liabilities not measured at fair value										
Payable to Management Company	27.2	-	-	-	331	331				
Payable to Trustee		-	-	-	19	19				
Accrued expenses and other liabilities		-	-	-	6,188	6,188				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>6,538</u>	<u>6,538</u>				

On-balance sheet financial instruments		Islamic Asset Allocation Fund Plan 1								
		At June 30, 2023					Fair Value			
		Carrying amount			At amortised cost	Total	Level 1	Level 2	Level 3	Total
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income								
		(Rupees in '000)								
Financial assets measured at fair value										
		1,566,016	-	-	45,000	1,611,016	-	1,611,016	-	1,611,016
	27.1	-	-	-	-	-	-	-	-	-
		<u>1,566,016</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>1,611,016</u>				
Financial assets not measured at fair value										
	27.2	-	-	-	256,273	256,273				
		-	-	-	-	-				
		-	-	-	-	-				
		-	-	-	52,502	52,502				
		-	-	-	10,886	10,886				
		-	-	-	<u>319,661</u>	<u>319,661</u>				
Financial liabilities not measured at fair value										
	27.2	-	-	-	531	531				
		-	-	-	143	143				
		-	-	-	639	639				
		-	-	-	<u>1,313</u>	<u>1,313</u>				
On-balance sheet financial instruments		Islamic Asset Allocation Fund Plan 2								
		At June 30, 2023					Fair Value			
		Carrying amount			At amortised cost	Total	Level 1	Level 2	Level 3	Total
Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	At fair value through other comprehensive income								
		(Rupees in '000)								
Financial assets measured at fair value										
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		208,067	-	-	-	208,067	-	208,067	-	208,067
		<u>208,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,067</u>				
Financial assets not measured at fair value										
	27.2	-	-	-	-	-				
		-	-	-	-	-				
		-	-	-	-	-				
		-	-	-	-	-				
Financial liabilities not measured at fair value										
	27.2	-	-	-	450	450				
		-	-	-	34	34				
		-	-	-	398	398				
		-	-	-	<u>882</u>	<u>882</u>				

27.1 Valuation techniques used in determination of fair values within level 2:

Investments in GoP ijarah sukuks and sukuk bonds are valued on the basis of the PKISRVs and market rates, respectively announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

27.2 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.

27.3 Net assets attributable to unit holders. 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 unit holders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

28. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation, the effect of which is not material.

29. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016, issued by the Securities and Exchange Commission of Pakistan, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the financial statements of CIS / the Fund. Further, limit for Asset Allocation scheme is 4.5% in case management fee is charged and upto 0.5% in case no management fee is charged. The TER for the year ended June 30, 2024, is 3.85%, 0.70% and 1.02% for HBL IAAF, HBL IAAF Plan-1 and HBL IAAF Plan-2 (2023: 4.87%,0.34% and 0.92%) which includes 0.43%, 0.12%, 0.19% (2023: 0.37%,0.05% and 0.10%) representing Government levy and SECP fee of the Islamic Asset Allocation Fund, Islamic Asset Allocation Fund Plan-1 and Islamic Asset Allocation Fund Plan-2 respectively.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on September 26, 2024.

31. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Stock Fund

NAME OF FUND	HBL ISLAMIC STOCK FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	A.F. Ferguson & Co.
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Habib Bank Limited Dubai Islamic Bank Limited Bank Islami Pakistan Limited Bank Al Baraka Limited

Type and Category of Fund

Open end Equity Fund

Investment Objective and Accomplishment of Objective

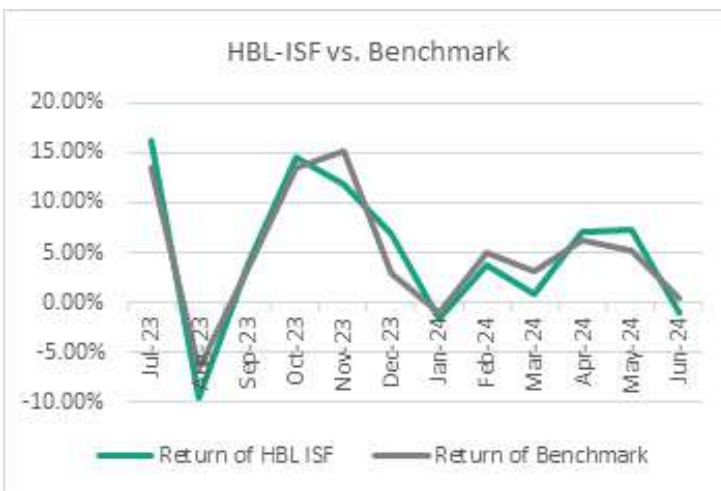
The investment objective of the Fund is to achieve long term capital growth by investing mainly in Shariah Complaint equity securities.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KMI-30 Index.

The comparison of the fund return with benchmark is given below:

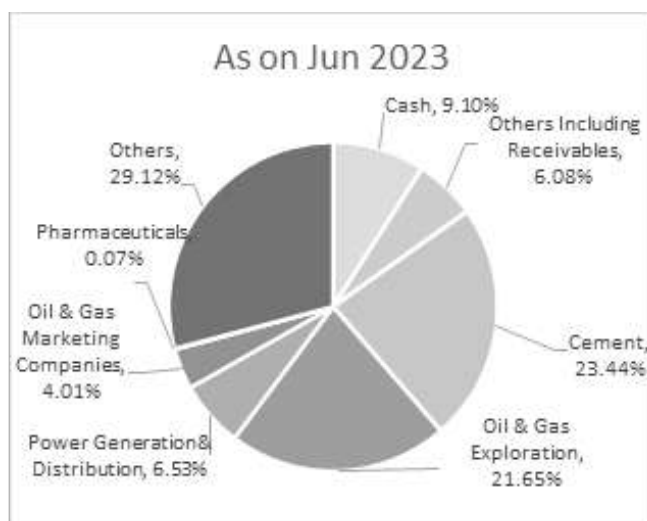
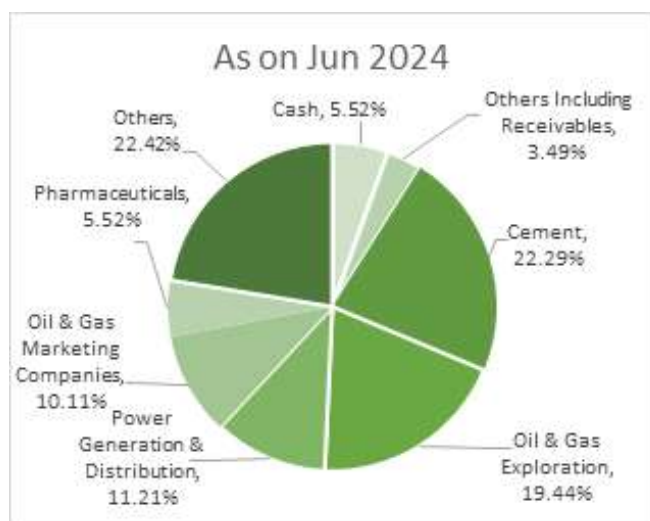
Month	Return of Fund	
	HBL-ISF	Benchmark
Jun-24	-0.98%	0.51%
May-24	7.19%	5.30%
Apr-24	7.11%	6.30%
Mar-24	0.94%	3.23%
Feb-24	3.80%	4.96%
Jan-24	-1.65%	-0.97%
Dec-23	6.93%	2.98%
Nov-23	11.84%	15.27%
Oct-23	14.58%	13.59%
Sep-23	3.97%	3.60%
Aug-23	-9.51%	-6.72%
Jul-23	16.17%	13.60%



Strategies and Policies employed during the Year

During the year under review, the Fund increased its exposure in equity from 84.82% of total assets as on June 30, 2023 to 90.99% of total assets as on June 30, 2024. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in oil & gas marketing, pharmaceuticals and power was increased, while exposure in oil and gas exploration and cement was decreased.

Asset Allocation



Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2024 and June 30, 2023:

Sector Name	As on Jun 2024	As on Jun 2023
Cash	5.52%	9.10%
Others Including Receivables	3.49%	6.08%
Cement	22.29%	23.44%
Oil & Gas Exploration	19.44%	21.65%
Power Generation & Distribution	11.21%	6.53%
Oil & Gas Marketing Companies	10.11%	4.01%
Pharmaceuticals	5.52%	0.07%
Others	22.42%	29.1%
Total	100.00%	100.00%

Fund Performance

The total and net income of the Fund was Rs. 70.86 million and Rs. 64.76 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 133.6610 per unit as on June 30, 2024 as compared to Rs. 77.9684 per unit as on June 30, 2023, after incorporating dividend of Rs. 3.15 per unit, thereby giving a return of 75.47% during the year, against the benchmark return (KMI 30 Index) of 78.70%. The size of Fund was Rs. 0.14 billion as on June 30, 2024 as compared to Rs. 0.16 billion at the start of the year.

Review of Market invested in

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 level. IMF program euphoria, economic stability, political certainty, peaceful culmination of elections along with foreign inflows turned the sentiments positive. Strong results posted by corporates despite economic turbulence also supported the bullish momentum. To note, KSE-100 index has been the best performing market in FY24 by posting 94% USD based return.

The sectors that majorly contributed to the performance in FY24 were Banks (+13,262 pts), fertilizer (+5,074 pts), Oil and Gas Exploration (+4,300 pts) and Power (+4,192 pts). Whereas script wise major contribution came from HUBC (+3,282 pts), UBL (+2,719 pts), MEBL (+2,392 pts), EFERT (+1,998 pts) and BAHF (+1,945 pts).

The average daily volume and value of KSE All share index grew to 461M shares and PKR 15.6B from 192M shares and PKR 6.1B in the FY23. Foreigners were net buyers of USD 141M whereas on the local front Banks, individuals, mutual funds and others were net sellers of USD 141M, USD 60M, USD 47M and USD 33M respectively. Insurance and companies remained net buyer of 126M and 36M respectively.

After the drastic decline in inflation, interest rates cycle is now on a reverse trend. Policy rate after touching the all-time high of 22% has been reduced to 17.5%. Inflation readings in the coming months are estimated to be in single digits which will provide room for further cut in interest rates. Decline in interest rates, securing of 3 years EFF program, funding support from multilateral and bilateral, strong earnings outlook and weakening oil price outlook will keep the market momentum positive. Despite offering dividend yield of 11%+, market is trading at P/E of 4.0x vs historical average of 6.0x. We believe that market could re-rate from current levels; hence, we maintain bullish stance on equities. The risk to our stance is escalation in middle-east and possibility of any domestic political uncertainty.

Distribution

The Board of Directors approved dividend of up-to Rs. 3.15 per unit to the unit holders for the year ended June 30, 2024.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year under review.

Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	177	5,828
101 – 500	61	15,626
501 – 1,000	26	20,428
1,001 – 10,000	55	154,143
10,001 – 100,000	25	721,517
100,001 – 500,000	1	144,493
500,001 – 1,000,000	-	-
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
Total	345	1,062,035

Unit Splits

There were no unit splits during the year.

Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

PERFORMANCE TABLE - HBL ISLAMIC STOCK FUND

	2024	2023	2022	2021	2020	2019
Net assets at the period end(Rs'000)	141,953	158,685	411,039	760,471	555,017	635,161
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	133.661	77.9684	88.4322	123.9845	93.6585	91.2924
Offer	136.6817	79.7305	90.4308	126.7865	95.7752	93.3556
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit	143.063	94.4487	129.4982	131.925	119.9859	118.7495
Lowest offer price per unit	83.8151	75.0873	110.2125	97.9654	74.3357	89.5553
Highest redemption price per unit	139.9012	92.3613	126.6362	129.0094	117.3341	116.1251
Lowest redemption price per unit	81.9627	73.4278	107.7767	95.8003	72.6928	87.5761
RETURN (%)						
Total return	75.47%	-11.83%	-28.67%	32.38%	2.95%	-18.36%
Income distribution	4.04%	0.00%	0.00%	0.00%	0.32%	0.00%
Capital growth	71.43%	-11.83%	-28.67%	32.38%	2.63%	-18.36%
DISTRIBUTION						
Final dividend distribution- Rs	3.15	-	-	-	0.32	-
Date of Income Distribution	28-06-24	-	-	-	26-Jun-20	-
Total dividend distribution for the year/ period	3.15	-	-	-	0.32	-
AVERAGE RETURNS (%)						
Average annual return 1 year	75.47%	-11.83%	-28.67%	32.38%	2.95%	-18.36%
Average annual return 2 year	24.38%	-20.70%	-2.83%	16.74%	-8.32%	-16.21%
Average annual return 3 year	3.34%	-5.93%	-0.94%	3.62%	-10.25%	-4.38%
PORTFOLIO COMPOSITION - (%)						
Percentage of Total Assets as at 30 June:						
Bank Balances	5.52%	9%	3%	5%	6%	8%
GoP Ijarah Sukuks						
Placement with Banks and DFIs						
Corporate Sukuks						
Stock / Equities	90.99%	85%	95%	94%	93%	89%
Others	3.49%	6%	2%	1%	1%	3%

Note:

The Launch date of the Fund is May 10, 2011

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

PROXY VOTING DISCLOSURE-

For the year ended June 30, 2024

Summary of Actual Proxy voted by CIS

HBLISF	Meetings	Resolutions	For	Against
Number	3		0	-
(%ages)				-

(h) AMC did not participate in shareholders' meetings

Scrip	AGM Meeting Dt	EOGM Meeting Dt
Abbott Laboratories (Pak) Ltd	22-04-24	
Agha Steel Ind.Ltd	16-10-23	
AGP Limited	19-03-24	19-07-23
Air Link Communication Ltd	28-10-23	
Aisha Steel Mills Ltd		
Al Ghazi Tractors Ltd		01-03-24
Amreli Steels Limited	24-10-23	
Atlas Battery Ltd.		
Attock Petroleum Ltd		09-03-24
Attock Refinery Ltd	09-10-23	
Baluchistan Wheels Ltd.	23-09-23	
BankIslami Pakistan Limited	28-03-24	
Century Paper & Board Mills Ltd	25/09/2023 17-10-2023	
Cherat Cement Company Ltd.	25-10-23	21-03-24
D G Khan Cement Co.Ltd.	27-10-23	
Descon Oxychem Ltd		
Engro Corporation Ltd	25-04-24	26-06-24
Engro Fertilizers Limited		
Fauji Cement Company Limited	27-10-23	
Fauji Fertilizer Bin Qasim Ltd	25-03-24	18-08-23
Fauji Fertilizer Co Ltd	26-03-24	23-11-23
Faysal Bank Limited	07-03-24	
Ferozsons Laboratories Ltd	28-10-23	05-07-23
Flying Cement Company Limited		
Ghani Glass Ltd	27-10-23	14-12-23
Gharibwal Cement Ltd		28-02-24
Highnoon Laboratories Limited	29-04-24	
Honda Atlas Cars (Pakistan) Ltd	27-06-24	25-Apr-24
Hub Power Company Ltd	16-10-23	
International Steels Limited	26-09-23	
K-Electric Limited	26-10-23	
Kohat Cement Ltd	16-10-23	
Lucky Cement Ltd	26-09-23	23-11-23
Maple Leaf Cement Factory Ltd	19-10-23	
Mari Petroleum Company Ltd	26-09-23	
Meezan Bank Ltd	28-3-24 28/10/2023	
Mughal Iron & Steel Inds Ltd	28-10-23	19-09-23
National Refinery Ltd	23-10-23	
Nishat Power Limited	26-10-23	22-08-23
Oil & Gas Development Co Ltd	30-10-23	
Pak Suzuki Motor Company Limited	29-04-24	09/02/2024 7-5-24
Pakistan Aluminium Beverage Cans Limited	29-04-24	
Pakistan Hotels Developers Ltd	27-10-23	
Pakistan Petroleum Ltd	25-10-23	
Pakistan State Oil Company Ltd	26-10-23	
Pioneer Cement Limited	27-10-23	
Sazgar Engineering Works Limited	26-10-23	
Shell Pakistan Ltd	25-04-24	
Sui Northern Gas Pipeline Ltd	01-08-23	30-09-23
Systems Limited	19-04-24	26-12-23
Tariq Glass Industries Ltd	27-10-23	01/09/2023 15-2-2024
The Searle Company Ltd		26-07-23
TPL Properties Limited		
Unity Foods Limited	27-10-23	

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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S.M.C.H.S. Main Shakra-e-Faisal
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Fax: (92-21) 34326021 - 23
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Stock Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 26, 2024





ASSET MANAGEMENT LTD.
ايسيت مينجمنت لميٲٲ

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Stock 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, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

HBL Asset Managment Limited
Head Office
7th Floor
Emerald Tower
G-19 Block-5,
Main Clifton Road,
Clifton, Karachi

UAN (021) 111-425-262
Fax (021) 35168455
www.hblasasset.com

September 25, 2024



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, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL Islamic Stock Fund** managed by **HBL Asset Management Limited** are Permissible 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 Unit holders of HBL Islamic Stock Fund
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HBL Islamic Stock Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the 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 in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer note 6 to the financial statements)	
	The investments constitute the most significant component of the net asset value (NAV). The investments of the Fund as at June 30, 2024 amounted to Rs. 141.143 million respectively. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">obtained independent confirmation for verifying the existence of the investment portfolio as at June 30, 2024 and traced balances in confirmation with the books and records of the Fund; andre-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policy.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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■ KARACHI ■ LAHORE ■ ISLAMABAD



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Other Information

Management 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 Management and Board of Directors of the Management Company for the Financial Statements

Management 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 management 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, management 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company is 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

A.F.F. Co



- 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 the Management Company 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.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 27, 2024

UDIN: AR202410061NVTsCXX5



INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS OF HBL ISLAMIC STOCK FUND ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH GUIDELINES

Introduction

We were engaged by the Board of Directors of **HBL Asset Management Limited** (the Management Company) to report on the Management Company's assessment of compliance with the Shariah Principles of **HBL Islamic Stock Fund** (the Fund), as set out in the annexed Statement of Compliance with the Shariah Principles (the Statement) prepared by the Management Company for the year ended June 30, 2024, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects, in all material respects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor. Our engagement was conducted by a team of assurance practitioners.

Applicable Criteria

The criteria for the assurance engagement against which the annexed Statement has been assessed comprises of the Shariah Principles as specified in the Trust Deed and the Guidelines issued by the Shariah Advisor (the Shariah Guidelines).

Management's Responsibility for Shariah Compliance

The Management Company of the Fund is responsible for preparation of the annexed Statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the annexed Statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Fund with the Shariah Guidelines.

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 the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility and summary of work performed

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, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement reflects the status of compliance of the Fund with the Shariah Guidelines issued, in all material respects.

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The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Shariah Guidelines, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Fund's compliance with the Shariah Guidelines, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Management Company's internal control over the Fund's compliance with the Shariah Guidelines. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Shariah Guidelines, and consequently cannot provide absolute assurance that the objective of compliance with the Shariah Guidelines, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed primarily comprised the following:

- checking compliance of the Shariah Guidelines relating to charity, maintaining bank accounts and for making investments of the Fund; and
- checking that the Shariah Advisor has certified that the operations of the Fund, its investments and placements made during the year ended June 30, 2024 are in compliance with the Shariah Guidelines.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed during our reasonable assurance engagement, we report that in our opinion, the annexed Statement presents fairly, in all material respects, the status of the Fund's compliance with the Shariah Guidelines issued for the year ended June 30, 2024.


A.F. Ferguson & Co.
Chartered Accountants

Dated: September 27, 2024

Karachi

HBL Islamic Stock Fund
Statement of Assets and Liabilities
AS AT JUNE 30, 2024

	Note	2024	2023
----- Rupees in '000 -----			
ASSETS			
Bank balances	5	8,560	15,902
Investments	6	141,143	148,169
Dividend and profit receivable	7	421	301
Receivable against sale of investments		92	4,854
Deposits and other receivable	8	3,000	3,000
Receivable from HBL Asset Management Limited - Management Company	9	1,957	2,469
Total assets		<u>155,173</u>	<u>174,695</u>
LIABILITIES			
Payable to HBL Asset Management Limited - Management Company	10	278	895
Payable to Central Depository Company of Pakistan Limited - Trustee	11	24	29
Payable to the Securities and Exchange Commission of Pakistan	12	10	43
Payable against purchase of investments		4,843	6,645
Accrued expenses and other liabilities	13	8,065	8,398
Total liabilities		<u>13,220</u>	<u>16,010</u>
NET ASSETS		<u>141,953</u>	<u>158,685</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>141,953</u>	<u>158,685</u>
CONTINGENCIES AND COMMITMENTS			
	14	----- Number of units -----	
NUMBER OF UNITS IN ISSUE	18	<u>1,062,035</u>	<u>2,035,251</u>
----- Rupees -----			
NET ASSET VALUE PER UNIT		<u>133.6610</u>	<u>77.9684</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

	Note	2024	2023
----- Rupees in '000 -----			
INCOME / (LOSS)			
Dividend income		5,308	16,020
Profit on savings accounts with banks		3,249	2,889
Gain / (loss) on sale of investments - net		51,769	(19,344)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	10,535	(4,972)
		<u>62,304</u>	<u>(24,316)</u>
Total income / (loss)		70,861	(5,407)
EXPENSES			
Remuneration of HBL Asset Management Limited - Management Company	9.1 & 9.2	2,823	4,908
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.3	484	1,181
Selling and marketing expenses	10.4	417	2,294
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 & 10.2	258	491
Annual fee to the Securities and Exchange Commission of Pakistan	12.1	108	43
Auditors' remuneration	15	780	422
Settlement and bank charges		428	613
Securities transaction costs		1,954	2,856
Fees and subscription		517	437
Charity expense		289	881
Reimbursement from HBL Asset Management Limited - Management Company		(1,957)	(2,469)
Total expenses		6,101	11,657
Net income / (loss) for the year before taxation		64,760	(17,064)
Taxation	17	-	-
Net income / (loss) for the year after taxation		64,760	(17,064)
Earnings / (loss) per unit	19	-	-
Allocation of net income for the year			
Net income for the year after taxation		64,760	-
Income already paid on units redeemed		(43,175)	-
		<u>21,585</u>	<u>-</u>
Accounting income available for distribution:			
- Relating to capital gains		20,502	-
- Excluding capital gains		1,083	-
		<u>21,585</u>	<u>-</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Statement of Comprehensive Income
For the year ended June 30, 2024

	2024	2023
	----- Rupees in '000 -----	
Net income / (loss) for the year after taxation	64,760	(17,064)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	<u>64,760</u>	<u>(17,064)</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Statement of Movement in Unit Holders' Fund
For the year ended June 30, 2024

	2024			2023		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
----- Rupees in '000 -----						
Net assets at the beginning of the year	616,234	(457,549)	158,685	851,524	(440,485)	411,039
Issuance of 4,556,911 units (2023: 3,381,401 units)						
- Capital value (at net asset value per unit at the beginning of the year)	355,295	-	355,295	299,025	-	299,025
- Element of income / (loss)	171,928	-	171,928	(10,659)	-	(10,659)
Total proceeds on issuance of units	527,223	-	527,223	288,366	-	288,366
Redemption of 5,530,127 units (2023: 5,994,216 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(431,175)	-	(431,175)	(530,082)	-	(530,082)
- Element of (loss) / income	(131,090)	(43,175)	(174,265)	6,426	-	6,426
Total payment on redemption of units	(562,265)	(43,175)	(605,440)	(523,656)	-	(523,656)
Total comprehensive income / (loss) for the year	-	64,760	64,760	-	(17,064)	(17,064)
Distribution for the year ended June 30, 2024 (cash distribution @ Rs. 3.15 per unit declared on June 28, 2024)	(1,812)	(1,463)	(3,275)	-	-	-
Net income / (loss) for the year less distribution	(1,812)	63,297	61,485	-	(17,064)	(17,064)
Net assets at the end of the year	579,380	(437,427)	141,953	616,234	(457,549)	158,685
Accumulated loss brought forward comprising of:						
- Realised loss		(452,577)			(358,392)	
- Unrealised loss		(4,972)			(82,093)	
		<u>(457,549)</u>			<u>(440,485)</u>	
Accounting income available for distribution:						
- Relating to capital gains	20,502			-		
- Excluding capital gains	1,083			-		
	21,585			-		
Net income / (loss) for the year after taxation	64,760			(17,064)		
Distribution during the year	(1,463)			-		
Accumulated loss carried forward	<u>(437,427)</u>			<u>(457,549)</u>		
Accumulated loss carried forward comprising of:						
- Realised loss		(447,962)			(452,577)	
- Unrealised income / (loss)		10,535			(4,972)	
		<u>(437,427)</u>			<u>(457,549)</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			<u>77.9684</u>			<u>88.4322</u>
Net asset value per unit at the end of the year			<u>133.6610</u>			<u>77.9684</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Stock Fund
Cash Flow Statement
For the year ended June 30, 2024

	Note	2024	2023
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		64,760	(17,064)
Adjustments for:			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(10,535)	4,972
Profit on savings accounts with banks		(3,249)	(2,889)
Dividend income		(5,308)	(16,020)
		45,668	(31,001)
Decrease / (increase) in assets			
Investments - net		20,521	252,757
Receivable from HBL Asset Management Limited - Management Company		512	(2,469)
		21,033	250,288
(Decrease) / increase in liabilities			
Payable to HBL Asset Management Limited - Management Company		(617)	(1,903)
Payable to Central Depository Company of Pakistan Limited - Trustee		(5)	(55)
Payable to the Securities and Exchange Commission of Pakistan		(33)	(83)
Accrued expenses and other liabilities		(333)	(123)
		(988)	(2,164)
Profit received		3,187	3,465
Dividend received		5,250	16,011
Net cash generated from operating activities		74,150	236,599
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		527,223	288,366
Payment against redemption and conversion of units		(605,440)	(523,656)
Cash dividend paid		(1,463)	-
Refund of capital		(1,812)	-
Net cash used in financing activities		(81,492)	(235,290)
Net (decrease) / increase in cash and cash equivalents during the year		(7,342)	1,309
Cash and cash equivalents at the beginning of the year		15,902	14,593
Cash and cash equivalents at the end of the year	5	8,560	15,902

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Islamic Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on November 23, 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 10, 2010. During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Accordingly, on September 8, 2021, the above-mentioned Trust Deed was registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is located at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund has been categorized as a Shariah compliant equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the SECP. The Fund is an open-ended shariah compliant fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at par from May 9, 2011 to May 10, 2011.
- 1.4 The principal objective of the Fund is to provide long-term capital growth by investing mainly in shariah compliant equity securities and short-term government securities.
- 1.5 VIS Credit Rating Company Limited (VIS) has maintained the Management Quality Rating to AM-I dated December 29, 2023 (2023: AM-I dated December 30, 2022) and the outlook on the rating has been assigned as 'Stable' (2023: Stable). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 The title to the assets of the Fund are held in the name of CDC as Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 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 Accounting Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance 1984; and

- The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and, therefore, have not been disclosed in these financial statements except for the following:

During the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that these provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

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

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or will not have any material effect on the Fund's financial statements except for the following:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB, IFRS 18 is yet to be applicable in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3.4 Significant accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.2 and 6) and provision for Federal excise duty (note 13.2).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been classified as at 'fair value through profit or loss' which and measured at their respective fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

4.1 Cash and cash equivalents

These comprise balances with banks in savings accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

4.2 Financial assets

4.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.2.2 Classification and subsequent measurement

4.2.2.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual profit in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVTPL.

The dividend income for equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

4.2.3 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

4.2.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the Pakistan Stock Exchange Regulation.

4.2.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.4 Offsetting of financial assets and financial liabilities

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.

4.5 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.

4.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.7 Issue and redemption of units

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

Units redeemed are recorded at the redemption price, prevalent on the date on which the Management Company / distributors receive redemption applications during business hours of that date. The redemption price represents the NAV 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.

4.8 Distribution to the unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the MUFAP guidelines duly consented by the SECP, distribution for the year includes 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 year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between NAV per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the year in which these arise.
- Dividend income is recognised when the Fund's right to receive the dividend is established.

- Profit on bank balances is recognised on an accrual basis.

4.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee, annual fee payable to the SECP are recognised in the Income Statement on an accrual basis.

4.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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.

4.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 19.

4.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5	BANK BALANCES	Note	2024	2023
----- Rupees in '000 -----				
	Savings accounts	5.1	<u>8,560</u>	<u>15,902</u>

5.1 These include balances amounting to Rs. 5.846 million (2023: Rs. 2.794 million) with Habib Bank Limited (a related party) and carry profit at the rate of 16.00% (2023: 4.5% to 7.73%) per annum. Other savings accounts of the Fund carry profit at the rates ranging from 18.50% to 20.80% (2023: 14.00% to 19.00%) per annum.

6	INVESTMENTS	Note	2024	2023
----- Rupees in '000 -----				
	At fair value through profit or loss			
	Quoted equity securities	6.1	<u>141,143</u>	<u>148,169</u>

6.1 Quoted equity securities

All shares have a face value of Rs. 10 each except for the shares of K-Electric Limited that have face value of Rs. 3.5 each.

Name of the investee company	As at July 1, 2023	Purchases during the year	Bonus / rights issue	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation / (diminution)	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
									Total market value of investments	Net assets of the Fund	
----- (Number of shares) -----						----- Rupees in '000' -----					
Engineering											
International Steels Limited	-	80,500	-	67,500	13,000	962	1,099	137	0.78%	0.77%	2.99%
Aisha Steel Mills Limited	-	63,299	-	-	63,299	433	466	33	0.33%	0.33%	6.84%
Amreli Steels Limited	-	28,500	-	-	28,500	840	769	(71)	0.54%	0.54%	9.60%
Mughal Iron & Steel Industries Limited	-	214,500	-	169,000	45,500	4,063	4,232	169	3.00%	2.99%	13.56%
Agha Steel Industries Limited	-	112,000	-	-	112,000	1,212	1,122	(90)	0.80%	0.79%	18.52%
						7,510	7,688	178	5.45%	5.42%	
Cement											
D.G. Khan Cement Company Limited	74,970	472,632	-	430,708	116,894	9,317	10,552	1,235	7.48%	7.43%	26.68%
Lucky Cement Limited	29,347	51,240	-	80,587	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited (note 6.1.1)	300,000	506,000	-	565,290	240,710	8,760	9,147	387	6.48%	6.44%	22.98%
Fauji Cement Company Limited	325,000	688,500	-	587,000	426,500	8,720	9,771	1,051	6.92%	6.88%	17.39%
Pioneer Cement Limited (note 6.1.1)	37,000	119,200	-	134,300	21,900	3,341	3,693	352	2.61%	2.60%	9.64%
Kohat Cement Company Limited	-	58,486	-	58,486	-	-	-	-	-	-	-
Cherat Cement Company Limited	52,000	24,610	-	76,610	-	-	-	-	-	-	-
Gharibwal Cement Limited	-	130,500	-	130,500	-	-	-	-	-	-	-
Flying Cement Company Limited	-	171,000	-	-	171,000	1,569	1,423	(146)	1.01%	1.00%	24.61%
						31,707	34,586	2,879	24.50%	24.35%	
Power generation & distribution											
The Hub Power Company Limited (note 6.1.1)	164,000	168,742	-	234,600	98,142	12,021	16,005	3,984	11.34%	11.27%	7.57%
Nishat Power Limited	-	342,056	-	342,056	-	-	-	-	-	-	-
K-Electric Limited	-	300,000	-	-	300,000	1,337	1,389	52	0.98%	0.98%	1.09%
						13,358	17,394	4,036	12.32%	12.25%	
Pharmaceuticals											
The Searle Company Limited (note 6.1.2)	2,968	108,449	-	92,249	19,168	1,175	1,095	(80)	0.78%	0.77%	3.75%
Abbott Laboratories (Pakistan) Limited	-	4,600	-	1,250	3,350	1,567	2,455	888	1.74%	1.73%	3.42%
Ferozsons Laboratories Limited	-	56,000	-	47,300	8,700	1,926	2,170	244	1.54%	1.53%	20.01%
AGP Limited	-	111,000	-	103,500	7,500	615	693	78	0.49%	0.49%	2.68%
Highnoon Laboratories Limited	-	19,300	-	16,300	3,000	1,133	2,141	1,008	1.52%	1.51%	5.66%
						6,416	8,554	2,138	6.07%	6.03%	
Miscellaneous											
TPL Properties Limited	-	50,000	-	2,883	47,117	519	412	(107)	0.29%	0.29%	8.40%
Pakistan Aluminium Beverage Cans Limited	-	95,000	-	95,000	-	-	-	-	-	-	-
Pakistan Hotels Developers Limited	-	3,000	-	3,000	-	-	-	-	-	-	-
						519	412	(107)	0.29%	0.29%	
Oil & gas exploration companies											
Oil & Gas Development Company Limited (note 6.1.1)	198,300	306,900	-	412,100	93,100	11,836	12,603	767	8.93%	8.88%	2.16%
Pakistan Petroleum Limited (note 6.1.1)	219,920	477,267	-	593,600	103,587	11,909	12,131	222	8.59%	8.55%	3.81%
Mari Petroleum Company Limited (note 6.1.1)	6,169	8,813	-	12,980	2,002	4,405	5,430	1,025	3.85%	3.83%	1.50%
						28,150	30,164	2,014	21.37%	21.26%	
Paper & board											
Century Paper & Board Mills Limited	-	239,500	-	161,000	78,500	2,281	2,351	70	1.67%	1.66%	19.54%
						2,281	2,351	70	1.67%	1.66%	

HBL Islamic Stock Fund
Notes to the financial statements
For the year ended June 30, 2024

Name of the investee company	As at July 1, 2023	Purchases during the year	Bonus / rights issue	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealized appreciation / (diminution)	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company	
									Total market value of investments	Net assets of the Fund		
						(Number of shares)		Rupees in '000'				
Glass & ceramics												
Tariq Glass Industries Limited	19,000	172,032	-	172,664	18,368	1,992	2,141	149	1.52%	1.51%	10.67%	
Ghani Glass Limited	-	205,500	-	205,500	-	-	-	-	-	-	-	
						1,992	2,141	149	1.52%	1.51%		
Oil & gas marketing companies												
Pakistan State Oil Company Limited (note 6.1.1 & 6.1.2)	850	131,000	-	82,900	48,950	7,622	8,136	514	5.76%	5.73%	10.43%	
Shell Pakistan Limited	-	21,500	-	21,500	-	-	-	-	-	-	-	
Sui Northern Gas Pipelines Limited (note 6.1.1)	175,526	342,998	-	399,398	119,126	7,569	7,561	(8)	5.36%	5.33%	18.78%	
Attock Petroleum Limited	-	11,100	-	11,100	-	-	-	-	-	-	-	
						15,191	15,697	506	11.12%	11.06%		
Refinery												
Attock Refinery Limited	21,500	41,100	-	57,700	4,900	1,806	1,723	(83)	1.22%	1.21%	4.60%	
National Refinery Limited	-	9,750	-	5,500	4,250	1,098	1,128	30	0.80%	0.79%	5.31%	
						2,904	2,851	(53)	2.02%	2.00%		
Commercial banks												
Faysal Bank Limited	-	314,000	-	314,000	-	-	-	-	-	-	-	
Meezan Bank Limited (note 6.1.1)	132,076	50,000	-	170,076	12,000	2,443	2,873	430	2.04%	2.02%	0.67%	
BankIslami Pakistan Limited	261,000	702,769	-	896,002	67,767	1,569	1,508	(61)	1.07%	1.06%	6.11%	
						4,012	4,381	369	3.11%	3.08%		
Fertilizer												
Engro Corporation Limited	23,700	86,013	-	109,713	-	-	-	-	-	-	-	
Fauji Fertilizer Bin Qasim Limited	-	218,000	-	183,000	35,000	1,181	1,241	60	0.88%	0.87%	2.71%	
Fauji Fertilizer Company Limited	-	117,100	-	117,100	-	-	-	-	-	-	-	
Engro Fertilizers Limited (note 6.1.1)	135,333	179,349	-	314,682	-	-	-	-	-	-	-	
						1,181	1,241	60	0.88%	0.87%		
Technology & communication												
Systems Limited	16,659	55,160	-	68,669	3,150	1,378	1,318	(60)	0.93%	0.93%	1.08%	
TPL Trakker Limited	656,000	-	-	-	656,000	5,799	4,067	(1,732)	2.88%	2.87%	350.31%	
Air Link Communication Limited	-	192,051	-	192,051	-	-	-	-	-	-	-	
						7,177	5,385	(1,792)	3.81%	3.80%		
Food & personal care products												
Unity Foods Limited	-	127,000	-	127,000	-	-	-	-	-	-	-	
						-	-	-	-	-	-	
Automobile parts & accessories												
Atlas Battery Limited	-	2,500	-	-	2,500	670	740	70	0.52%	0.52%	7.14%	
Baluchistan Wheels Limited	-	9,810	-	500	9,310	1,434	1,210	(224)	0.86%	0.85%	69.82%	
						2,104	1,950	(154)	1.38%	1.37%		
Automobile assembler												
Al Ghazi Tractors Limited	-	2,700	-	-	2,700	999	942	(57)	0.67%	0.66%	4.66%	
Honda Atlas Cars (Pakistan) Limited	-	16,900	-	-	16,900	4,948	4,790	(158)	3.39%	3.37%	11.83%	
Pak Suzuki Motor Company Limited	-	2,600	-	2,600	-	-	-	-	-	-	-	
Sazgar Engineering Works Limited	-	62,000	-	61,260	740	159	616	457	0.44%	0.44%	1.22%	
						6,106	6,348	242	4.50%	4.47%		
Total as at June 30, 2024						130,608	141,143	10,535	100%	99.43%		
Total as at June 30, 2023						153,141	148,169	(4,972)	100%	93.37%		

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

	2024		2023	
	--- (Number of shares) ---		----- Rupees in '000 -----	
Mari Petroleum Company Limited	1,000	3,150	2,712	4,771
Maple Leaf Cement Factory Limited	86,700	-	3,295	-
Oil & Gas Development Company Limited	57,400	100,000	7,770	7,800
The Hub Power Company Limited	21,000	60,000	3,425	4,175
Sui Northern Gas Pipelines Limited	60,000	70,000	3,808	2,756
Pakistan Petroleum Limited	52,200	122,200	6,113	7,227
Pioneer Cement Limited	4,000	-	675	-
Pakistan State Oil Company Limited	7,000	-	1,163	-
Engro Fertilizers Limited	-	38,798	-	3,202
Meezan Bank Limited	-	53,000	-	4,578
	289,300	447,148	28,961	34,509

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

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

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

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

As at June 30, 2024, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

Name of the Company	2024		2023	
	----- Bonus shares -----			
	Number of shares withheld	Market value as at June 30, 2024	Number of shares withheld	Market value as at June 30, 2023
	Rupees in '000		Rupees in '000	
The Searle Company Limited	2,968	170	2,968	114
Pakistan State Oil Company Limited	850	141	850	94
	<u>3,818</u>	<u>311</u>	<u>3,818</u>	<u>208</u>

6.2	Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	Note	2024	2023
			----- Rupees in '000 -----	
	Market value of investments	6.1	141,143	148,169
	Less: carrying value of investments	6.1	<u>(130,608)</u>	<u>(153,141)</u>
			<u>10,535</u>	<u>(4,972)</u>
7	DIVIDEND AND PROFIT RECEIVABLE			
	Dividend receivable		96	38
	Profit receivable		<u>325</u>	<u>263</u>
			<u>421</u>	<u>301</u>
8	DEPOSITS AND OTHER RECEIVABLE			
	Security deposit with:			
	- National Clearing Company of Pakistan Limited		2,500	2,500
	- Central Depository Company of Pakistan Limited		100	100
	Advance tax	8.1	<u>400</u>	<u>400</u>
			<u>3,000</u>	<u>3,000</u>

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on dividends and profit on bank deposits amounts to Rs. 0.4 million (2023: Rs. 0.4 million).

For this purpose, the MUFAP on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honorable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on bank deposits has been shown as other receivables as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

9 RECEIVABLE FROM HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the TER in respect of each CIS to ensure the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each Quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in regulation 60(5) of the NBFC Regulations.

During the year ended June 30, 2024 and June 30, 2023, the Fund was in breach of the TER ratio of maximum 4.5% as prescribed under NBFC Regulations for a CIS categorised as equity scheme. As a result the Fund recorded receivable from Management Company to comply with the TER.

10	PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			----- Rupees in '000 -----	
	Remuneration payable	10.1	212	256
	Sindh Sales Tax payable on remuneration of the Management Company	10.2	27	33
	Sales load payable		39	119
	Allocated expenses related to registrar services, accounting, operation and valuation services payable	10.3	-	70
	Selling and marketing expenses payable	10.4	-	417
			278	895
			278	895

10.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the Total Expense Ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at the rates ranging from 2% to 3% (2023: 2%) per annum of the average daily net assets of the Fund during the year. The remuneration is payable to the Management Company monthly in arrears.

10.2 The Sindh Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

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

The Management has charged allocated expenses at the rates ranging from 0% to 0.67% (2023: 0.55%) per annum of the average daily net assets of the Fund during the year.

10.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rates ranging from 0% to 1.05% (2023: 1.05%) per annum of the average daily net assets of the Fund during the year, while keeping in view the overall return and Total Expense Ratio limit of the Fund as defined under the NBFC Regulations.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024	2023
			----- Rupees in '000 -----	
	Trustee fee payable	11.1	21	26
	Sindh Sales Tax payable on trustee fee	11.2	3	3
			24	29
			24	29

11.1 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 therein, based on the average daily net assets of the Fund. The fee is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund for the year ended June 30, 2024 and June 30, 2023 is as follows:

Tariff structure	
Net assets	Fee
Up to Rs. 1,000 million	0.20% per annum of NAV.
Exceeding Rs. 1,000 million	Rs. 2 million plus 0.10% per annum of NAV exceeding 1 billion.

11.2 The Sindh Provincial Government had levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011.

12	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024	2023
			----- Rupees in '000 -----	
	Annual fee payable	12.1	10	43

12.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.095% per annum of the average daily net assets of the Fund, applicable to an "Equity Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the average daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.095% per annum of the average daily net assets of the Fund during the year.

Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay the SECP fee within three months of the close of accounting year.

13	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024	2023
			----- Rupees in '000 -----	
	Charity payable	13.1	289	882
	Federal excise duty payable on Management Company's remuneration	13.2	6,785	6,785
	Withholding tax payable		264	33
	Auditors' remuneration		298	316
	Securities transaction costs payable		45	225
	Zakat Payable		104	104
	Others		280	53
			8,065	8,398

13.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2024, non-Shariah compliant income amounting to Rs. 0.289 million (2023: Rs. 0.881 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor. The dividend income is recorded net of amount given as charity.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 6.785 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV of the Fund would have been higher by Rs. 6.39 (2023: Rs. 3.33) per unit.

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 and June 30, 2023.

15 AUDITORS' REMUNERATION	2024	2023
	----- Rupees in '000 -----	
Annual audit fee	270	216
Half yearly review	180	144
Tax consultancy fee and other certification	204	-
Out of pocket	68	31
	722	391
Sales tax	58	31
	780	422

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 5.10% (2023: 5.36%) which includes 0.60% (2023: 0.88%) representing government levies on the Fund such as sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Shariah Compliant Equity Scheme.

17 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in a manner as explained above, no provision for taxation has been made in these financial statements during the year.

18	NUMBER OF UNITS IN ISSUE	2024	2023
		----- Numbers of units -----	
	Total outstanding as of July 1	2,035,251	4,648,066
	Add: Issued during the year	4,556,911	3,381,401
	Less: Redeemed during the year	<u>(5,530,127)</u>	<u>(5,994,216)</u>
	Total units in issue as of June 30	<u><u>1,062,035</u></u>	<u><u>2,035,251</u></u>

19 EARNINGS / LOSS PER UNIT

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

20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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

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

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

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

20.1	Transactions during the year	2024	2023
		----- Rupees in '000 -----	
	HBL Asset Management Limited - Management Company		
	Management remuneration including Sales Tax thereon	<u>2,823</u>	<u>4,908</u>
	Allocation of expenses related to registrar services, accounting, operation and valuation services	<u>484</u>	<u>1,181</u>
	Selling and marketing expenses	<u>417</u>	<u>2,294</u>
	Issue of 39,464 units (2023: Nil units)	<u>5,119</u>	<u>-</u>
	DCCL Trustee - HBL Islamic Financial Planning Fund		
	- Conservative Allocation Plan - Associate		
	Issue of nil units (2023: 218 units)	<u>-</u>	<u>17</u>
	Redemption of 1726 units (2023: 102 units)	<u>177</u>	<u>9</u>

	2024	2023
	----- Rupees in '000 -----	
Habib Bank Limited - Sponsor		
Bank charges paid	64	49
Profit on bank deposits earned	431	247
Redemption of nil units (2023: 1,319,805 units)	-	119,943
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration including Sales Tax thereon	258	491
Service charges	70	91
Executives and their relatives		
Issue of 65,687 units (2023: 18,921 units)	7,679	1,502
Redemption 54,721 of units (2023: 59,619 units)	6,168	4,975
Pak Qatar Family Takaful Limited		
Issue of nil units (2023: 293,086 units)	-	25,000
Redemption of 621,176 units (2023: 216,541 units)	52,517	20,000
Pak Qatar General Takaful Limited		
Issue of nil units (2023: 588,160 units)	-	50,000
Redemption of nil units (2023: 295,074 units)	-	26,352
Transactions during the year		
HBL Asset Management Limited Employees Provident Fund		
Issue of 10,722 units (2023: Nil units)	1,500	-
Redemption of 10,722 units (2023: Nil units)	1,486	-
20.2 Balances outstanding as at year end	2024	2023
	----- Rupees in '000 -----	
HBL Asset Management Limited - Management Company		
Remuneration payable including Sales Tax thereon	239	289
Sales load payable	39	119
Selling and marketing expense payable	-	417
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	70
Outstanding: 39,464 units (2023: Nil units)	5,275	-
Habib Bank Limited - Sponsor		
Bank deposits	5,846	2,794
Profit receivable	108	19
DCCL Trustee - HBL Islamic Financial Planning Fund - Conservative Allocation Plan - Associate		
Outstanding: Nil units (2023: 1,726 units)	-	135
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including Sales Tax thereon	24	29
Security deposit	100	100
	2024	2023
	----- Rupees in '000 -----	
Executives and their relatives		
Outstanding: 17,387 units (2023: 6,421 units)	2,324	501
Pak Qatar Family Takaful Limited		
Outstanding: Nil units (2023: 621,176 units)	-	48,432

21 FINANCIAL INSTRUMENTS BY CATEGORY

----- 2024 -----			
At amortised cost	At fair value through profit or loss	Total	
----- Rupees in '000 -----			
Financial assets			
Bank balances	8,560	-	8,560
Investments	-	141,143	141,143
Dividend and profit receivable	421	-	421
Receivable against sale of investments	92	-	92
Receivable from HBL Asset Management Limited - Management Company	1,957	-	1,957
Deposits	2,600	-	2,600
	<u>13,630</u>	<u>141,143</u>	<u>154,773</u>
Financial liabilities			
Payable to HBL Asset Management Limited - Management Company	278	-	278
Payable to Central Depository Company of Pakistan Limited - Trustee	24	-	24
Payable against purchase of investments	4,843	-	4,843
Accrued expenses and other liabilities	912	-	912
	<u>6,057</u>	<u>-</u>	<u>6,057</u>
----- 2023 -----			
At amortised cost	At fair value through profit or loss	Total	
----- Rupees in '000 -----			
Financial assets			
Bank balances	15,902	-	15,902
Investments	-	148,169	148,169
Dividend and profit receivable	301	-	301
Receivable against sale of investments	4,854	-	4,854
Receivable from HBL Asset Management Limited - Management Company	2,469	-	2,469
Deposits	2,600	-	2,600
	<u>26,126</u>	<u>148,169</u>	<u>174,295</u>
Financial liabilities			
Payable to HBL Asset Management Limited - Management Company	895	-	895
Payable to Central Depository Company of Pakistan Limited - Trustee	29	-	29
Payable against purchase of investments	6,645	-	6,645
Accrued expenses and other liabilities	1,476	-	1,476
	<u>9,045</u>	<u>-</u>	<u>9,045</u>

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

22.1 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 Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the SECP.

Market risk comprises of three types of risk; Yield / Profit rate risk, currency risk and price risk.

(i) Yield / Profit rate risk

Yield / Profit rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow and profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.086 million (2023: net loss for the year would be lower / higher by Rs. 0.159 million and net assets of the Fund would be higher / lower by the same amount).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2024 and June 30, 2023, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value interest rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

The Fund's Profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 and June 30, 2023 can be determined as follows:

As at June 30, 2024					
Effective yield / Profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- Rupees in '000 -----					
On-balance sheet financial instruments					
Financial assets					
Bank balances	16.00% to 20.80%	8,560	-	-	8,560
Investments		-	-	141,143	141,143
Dividend and profit receivable		-	-	421	421
Receivable from HBL Asset Management Limited - Management Company		-	-	1,957	1,957
Deposits		-	-	2,600	2,600
Receivable against sale of investments		-	-	92	92
		8,560	-	146,213	154,773
Financial liabilities					
Payable to HBL Asset Management Limited - Management Company		-	-	278	278
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	24	24
Payable against purchase of investments		-	-	4,843	4,843
Accrued expenses and other liabilities		-	-	912	912
		-	-	6,057	6,057
On-balance sheet gap (a)		8,560	-	140,156	148,716
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		8,560	-	-	8,560
Cumulative profit rate sensitivity gap		8,560	8,560	8,560	25,680

As at June 30, 2023					
Effective yield / Profit rate	Exposed to yield / profit rate risk			Not exposed to yield / Profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- Rupees in '000 -----					
On-balance sheet financial instruments					
Financial assets					
Bank balances	15,902	-	-	-	15,902
Investments	-	-	-	148,169	148,169
Dividend and profit receivable	-	-	-	301	301
Receivable from HBL Asset Management Limited - Management Company	-	-	-	2,469	2,469
Deposits	-	-	-	2,600	2,600
Receivable against sale of investments	-	-	-	4,854	4,854
	15,902	-	-	158,393	174,295
Financial liabilities					
Payable to HBL Asset Management Limited - Management Company	-	-	-	895	895
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	29	29
Payable against purchase of investments	-	-	-	6,645	6,645
Accrued expenses and other liabilities	-	-	-	1,476	1,476
	-	-	-	9,045	9,045
On-balance sheet gap (a)	15,902	-	-	149,348	165,250
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total profit rate sensitivity gap (a+b)	15,902	-	-	-	-
Cumulative profit rate sensitivity gap	15,902	15,902	15,902	-	-

On-balance sheet financial instruments

Financial assets

Bank balances
Investments
Dividend and profit receivable
Receivable from HBL Asset Management Limited - Management Company
Deposits
Receivable against sale of investments

4.5% to 19%

Financial liabilities

Payable to HBL Asset Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investments
Accrued expenses and other liabilities

On-balance sheet gap (a)

Off-balance sheet financial instruments

Off-balance sheet gap (b)

Total profit rate sensitivity gap (a+b)

Cumulative profit rate sensitivity gap

(ii) 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations, 2008 also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 35% of the net assets.

In case of 1% increase / decrease in KMI 30 index on June 30, 2024, with all other variables held constant, the total net income of the Fund for the year would increase / decrease by Rs. 1.411 million (2023: net loss for the year would decrease / increase by Rs. 1.482 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KMI 30 Index.

22.2 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 to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's 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 realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests 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 redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, liabilities that are payable on demand have been included in the maturity grouping of one month:

	2024						Total
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	
	Rupees in '000						
Financial assets							
Bank balances	8,560	-	-	-	-	-	8,560
Investments	-	-	-	-	-	141,143	141,143
Deposits	2,600	-	-	-	-	-	2,600
Dividend and profit receivable	421	-	-	-	-	-	421
Receivable from HBL Asset Management Limited - Management Company	1,957	-	-	-	-	-	1,957
Receivable against sale of investments	92	-	-	-	-	-	92
	13,630	-	-	-	-	141,143	154,773
Financial liabilities							
Payable to HBL Asset Management Limited - Management Company	278	-	-	-	-	-	278
Payable to Central Depository Company of Pakistan Limited - Trustee	24	-	-	-	-	-	24
Payable against purchase of investments	4,843	-	-	-	-	-	4,843
Accrued expenses and other liabilities	614	298	-	-	-	-	912
	5,759	298	-	-	-	-	6,057
Net financial assets / (liabilities)	7,871	(298)	-	-	-	141,143	148,716

	2023						Total
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	
	Rupees in '000						
Financial assets							
Bank balances	15,902	-	-	-	-	-	15,902
Investments	-	-	-	-	-	148,169	148,169
Deposits	2,600	-	-	-	-	-	2,600
Dividend and profit receivable	301	-	-	-	-	-	301
Receivable from HBL Asset Management Limited - Management Company	2,469	-	-	-	-	-	2,469
Receivable against sale of investments	4,854	-	-	-	-	-	4,854
	26,126	-	-	-	-	148,169	174,295
Financial liabilities							
Payable to HBL Asset Management Limited - Management Company	895	-	-	-	-	-	895
Payable to Central Depository Company of Pakistan Limited - Trustee	29	-	-	-	-	-	29
Payable against purchase of investments	6,645	-	-	-	-	-	6,645
Accrued expenses and other liabilities	1,160	316	-	-	-	-	1,476
	8,729	316	-	-	-	-	9,045
Net financial assets / (liabilities)	17,397	(316)	-	-	-	148,169	165,250

22.3 Credit risk

22.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000			
Bank balances	8,560	8,560	15,902	15,902
Investments	141,143	-	148,169	-
Dividend and profit receivable	421	421	301	301
Receivable against sale of investments	92	92	4,854	4,854
Receivable from HBL Asset Management Limited - Management Company	1,957	1,957	2,469	2,469
Deposits	2,600	2,600	2,600	2,600
	154,773	13,630	174,295	26,126

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. The difference is because of investment in equity securities which are not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

22.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating category	Percentage of financial assets exposed to credit risk	
	2024	2023
	AAA	3.81%
AA	0.55%	0.12%
AA-	1.17%	7.45%
A+	0.21%	0.09%
	<u>5.74%</u>	<u>9.27%</u>

22.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The Fund does not have any collateral against any of the aforementioned assets.

23 FAIR VALUE MEASUREMENT

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

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

The fair value of financial assets and liabilities traded in active markets 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.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets 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 prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

Financial assets 'at fair value through profit or loss'	2024			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Quoted equity securities	141,143	-	-	141,143
Financial assets 'at fair value through profit or loss'	2023			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Quoted equity securities	148,169	-	-	148,169

24 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size except in certain days from August 24, 2023 to November 2, 2023, December 22, 2023 to December 28, 2023, January 19, 2024 to January 25, 2024 and January 29, 2024 to April 8, 2024.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 22, the Fund endeavors to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

25 UNIT HOLDING PATTERN OF THE FUND

Category	2024			
	Number of unit holders	Number of unit held	Investment amount	Percentage investment
			Rupees in '000	
Individuals	458	878,956	117,482	82.76%
Associated companies	2	39,464	5,275	3.72%
Other Corporates	3	70,612	9,438	6.65%
Foreign investor (Individual)	1	-	-	-
Insurance company	1	73,003	9,758	6.87%
Trust	1	-	-	-
	466	1,062,035	141,953	100%

Category	2023			
	Number of unit holders	Number of unit held	Investment amount	Percentage investment
			Rupees in '000	
Individuals	402	1,206,228	94,047	59.27%
Associated company	1	1,726	135	0.09%
Other Corporates	2	170	13	0.01%
Foreign investor (Individual)	2	193,888	15,117	9.53%
Insurance company	2	633,239	49,373	31.10%
	409	2,035,251	158,685	100%

26 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION

2024	2023
Name of broker	Name of broker
Intermarket Securities Limited	EFG Hermes Pakistan Limited
KTrade Securities Limited (Formerly) Khadim	KTrade Securities Limited (Formerly) Khadim
Ali Shah Bukhari Securities Limited	Ali Shah Bukhari Securities Limited
ArifHabib Limited	Intermarket Securities Limited
Insight Securities (Private) Limited	Sherman (Private) Limited
Sherman Securities (Private) Limited	DJM Securities Limited
EFG Hermes Pakistan Limited	Ismail Iqbal Securities (Private) Limited
Chase Securities Pakistan (Private) Limited	ArifHabib Limited
JS Global Capital Limited	Optimus Capital Management (Private) Limited
Spectrum Securities (Private) Limited	JS Global Capital Limited
DJM Securities Limited	Alfalah Securities (Private) Limited (Formerly) Alfalah
	CLSA Securities (Private) Limited

27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

S. No	Name	Designation	Qualification	Overall experience (in years)
1	Mir Adil Rashid	Chief Executive Officer	BSc	25 + years
2	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	28 + years
3	Rahat Saeed Khan	Head of Fixed Income	MBA	26 + years
4	Imad Ansari	Head of Risk	MBA	17 + years
5	Ahsan Ali	Head of Research	CFA	8 + years
6	Raza Abbas	Senior Fund Manager	M.Com	21 years

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Six meetings of the Board of Directors were held on August 25, 2023, October 20, 2023, October 27, 2023, January 25, 2024, February 16, 2024 and April 26, 2024. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of director	Number of meetings			Meeting not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar	6	6	-	-
2	Ms. Ava A. Cowasjee	6	6	-	-
3	Mr. Raymond H. Kotwal	6	5	1	October 27, 2023.
4	Mr. Abrar Ahmed Mir	6	6	-	-
5	Mr. Tariq Masaud	6	6	-	-
6	Mr. Abid Sattar	6	6	-	-
7	Mr. Khalid Malik	6	6	-	-

29 GENERAL

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

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

29.3 Units have been rounded off to the nearest decimal place.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Income Fund

NAME OF FUND	HBL ISLAMIC INCOME FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	BDO Ebrahim & Co. Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Bank Islami Pakistan Limited Bank Al Baraka Limited Faysal Bank Limited Habib Bank Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al Habib Limited Soneri Al Tijarah MCB Islamic Bank Limited U Microfinance Bank National Bank Limited

Type and Category of Fund

Open end Shariah Compliant Income Fund

Investment Objective and Accomplishment of Objective

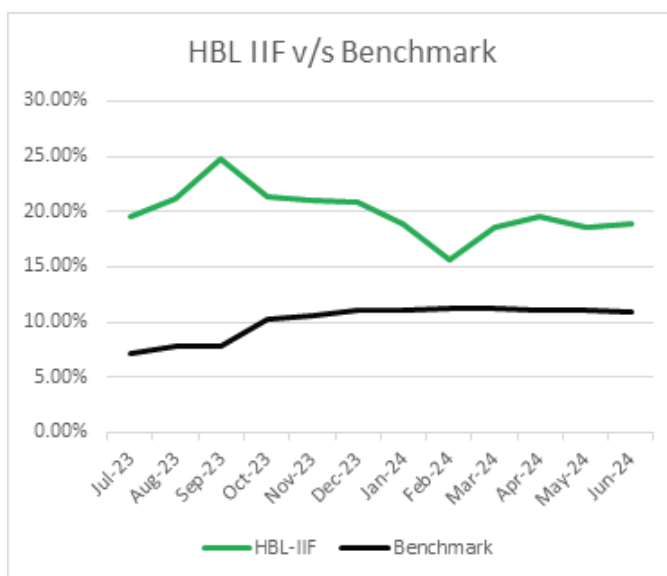
The objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations. The investment objective is achieved.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average 6Month deposit rates of 3A Rated Islamic Banks or Islamic Windows of Conventional Banks as per MUFAP.

The comparison of the fund return with benchmark is given below:

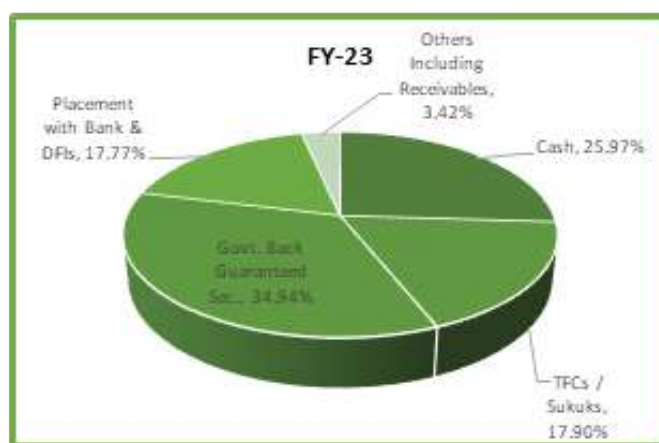
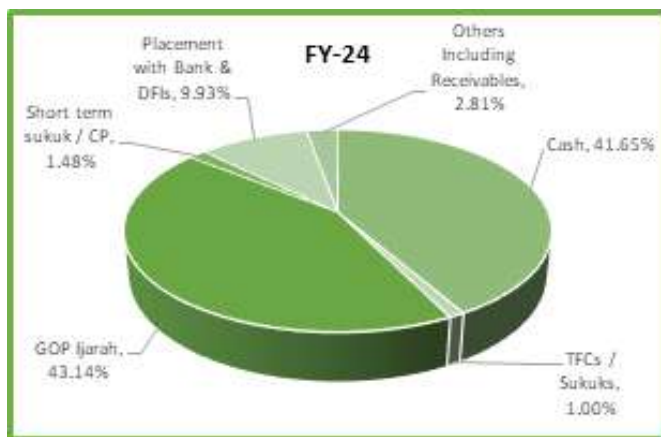
Month	HBL-IIF	Benchmark
Jun-24	18.92%	10.97%
May-24	18.58%	11.04%
Apr-24	19.55%	11.11%
Mar-24	18.60%	11.20%
Feb-24	15.57%	11.22%
Jan-24	18.93%	11.10%
Dec-23	20.82%	11.03%
Nov-23	21.01%	10.58%
Oct-23	21.42%	10.17%
Sep-23	24.71%	7.87%
Aug-23	21.20%	7.80%
Jul-23	19.47%	7.14%



Strategies and Policies employed during the Year

During the year, funds were majorly invested in GoP Ijarah Sukuk at 43.13% of total assets and placed at high rates as Cash Deposits, comprising 41.65% of total assets. Other investments included placements with banks and DFIs comprising 9.93% of total assets. During the year Sukuks and CPs were added comprising 2.48% of total assets to support the funds bottom line. HBL Islamic Income Fund posted an annualized return of 19.90% compared to benchmark return of 10.10%.

Asset Allocation



Fund Performance

The total income and net income of the Fund was Rs. 3.00 billion and Rs. 2.75 billion respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 103.7234 per unit as on June 30, 2024 as compared to Rs. 103.2208 per unit as on June 30, 2023, after incorporating dividend of Rs. 22.00 per unit, thereby giving an annualized return of 21.83%. During the same year the benchmark return (6 Month bank deposit rates) was 10.10%. The size of Fund was Rs. 14.90 billion as on June 30, 2024 as compared to Rs. 7.74 billion at the start of the year.

Money Market Review

During the period under review, SBP maintained policy rate at 22% to slow down the economic activity and tame down the inflation. However, in the last Monetary Policy Committee (MPC) meeting of FY24, the policy rate was reduced to 20.5% on the back of decline in inflation. On a forward looking basis, the real interest rates have turned significantly positive.

Sensing the forth coming decline in interest rates, secondary market yields have started coming down before the interest rate cut announcement by MPC. After touching the high of 23.78%, 24.51%, 24.73%, 21.16% and 17.93% secondary market yields retreated to 19.97%, 19.91%, 18.68%, 16.50% and 15.37% for 3M, 6M, 12M, 3Y and 5Y tenors respectively.

It is also pertinent to note that during the last Sukuk auction held on 27th June-2024, government raised PKR 198B from Fixed Rental Rate (FRR) Sukuk against target of PKR 20B. Yield on 3-year Sukuk stood at 15.80% whereas on 5-year Sukuk stood at 15.10% for FRR. In Variable Rate Sukuk (VRR) auction, government raised PKR 20B as per the target. In last fixed rate discounted Ijara Sukuk of FY24, government raised PKR 21B against the target of PKR 10B at 18.50%.

Despite decline in interest rates, real interest rates have remained significantly positive on forward looking basis due to expected sharp decline in inflation. As inflation is expected to ease further from current levels, possibility of further rate cuts are high.

Distribution

The Fund has distributed cash dividend up-to Rs. 22.00 per unit for the year ended June 30, 2024.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Fund.

Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	607	16,215
101 – 500	242	65,897
501 – 1,000	123	91,984
1,001 – 10,000	780	3,711,348
10,001 – 100,000	952	34,092,446
100,001 – 500,000	237	50,978,567
500,001 – 1,000,000	39	26,749,956
1,000,001 – 5,000,000	13	22,437,891
5,000,001 and above	1	5,500,588
Total	2,994	143,644,892

Unit Splits

There were no unit splits during the year.

Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

PERFORMANCE TABLE - HBL ISLAMIC INCOME FUND

	2024	2023	2022	2021	2020	2019
Net assets at the period end (Rs'000)	14,899,335	7,735,701	4,670,836	1,020,180	1,417,621	3,103,484
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	103.7234	103.2208	102.7607	101.7500	101.5299	101.4883
Offer	105.4815	104.9704	104.5025	103.4747	103.2508	103.2085
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit - Class C	127.3300	122.2475	114.6920	108.6293	113.8448	103.2085
Lowest offer price per unit - Class C	105.0260	104.6571	103.5054	103.2850	103.2321	102.6902
Highest offer price per unit - Class D	127.3300	122.2475	114.6920	108.6293	113.8448	110.9432
Lowest offer price per unit - Class D	105.0260	104.6571	103.5054	103.2850	103.2321	103.0902
Highest redemption price per unit	125.2077	120.2099	112.7804	106.8187	111.9473	109.0941
Lowest redemption price per unit	103.2755	102.9127	101.7802	101.5635	101.5115	101.3719
RETURN (%)						
Total return	21.83%	17.55%	11.14%	5.45%	10.31%	7.85%
Income distribution	21.31%	17.03%	10.30%	5.30%	10.45%	7.75%
Capital growth	0.52%	0.52%	0.84%	0.15%	-0.14%	0.10%
DISTRIBUTION						
First Interim dividend distribution (Rs)	-	-	-	-	-	-
Date of Income Distribution	-	-	-	-	-	-
Final Interim dividend distribution (Rs)	22.00	17.50	10.30	5.30	10.45	7.75
Date of Income Distribution	21-Jun-24	23-Jun-23	24-Jun-22	18-Jun-21	26-Jun-20	26-Jun-19
Total dividend distribution for the year (Rs)				5.30	10.45	7.75
AVERAGE RETURNS (%)						
Average annual return 1 year	21.83%	17.55%	11.14%	5.45%	10.31%	7.85%
Average annual return 2 year	19.67%	14.30%	8.26%	7.85%	9.07%	6.50%
Average annual return 3 year	16.76%	11.27%	8.94%	7.85%	7.76%	6.18%
PORTFOLIO COMPOSITION - (%)						
Percentage of Net Assets as at 30 June:						
Bank Balances	41.65%	25.97%	62.77%	53.31%	56.94%	68.98%
GoP Ijarah Sukuks	-	-	-	-	-	-
TFCs /Sukuks	43.14%	17.90%	34.69%	36.58%	31.89%	-
Commercial Paper	0.00%	34.94%	0.80%	7.96%	-	-
Certificate of Modaraba	-	-	-	-	-	-
Placement with Banks and DFIs	9.93%	17.77%	-	-	-	0.00%
Corporate Sukuks	0	-	-	-	-	0
Others	2.81%	3.42%	1.74%	2.15%	2.57%	2.70%
Weighted average portfolio during (No. of days)	363	363	186	493	371	618

Note:

The Launch date of the Fund is May 29, 2014

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Income Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 26, 2024



ASSET MANAGEMENT LTD.
ايسيت مينجمنت لميٲٲ

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Income 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, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

HBL Asset Management Limited
Head Office
7th Floor
Emerald Tower
G-19 Block-5,
Main Clifton Road,
Clifton, Karachi

UAN (021) 111-425-262
Fax (021) 35168455
www.hblasset.com

September 25, 2024



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, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL Islamic Income Fund** managed by **HBL Asset Management Limited** are Permissible 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



FINANCIAL STATEMENTS
OF
HBL ISLAMIC INCOME FUND
FOR THE YEAR ENDED
JUNE 30, 2024
MANAGED BY HBL ASSET MANAGEMENT LIMITED

BDO Ebrahim & Co. Chartered Accountants

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



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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HBL Islamic Income Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, and 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	Existence and valuation of investments As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2024, the investments held by the Fund comprised of debt instruments Rs. 8,487.118 million which represent 55.76% of the total assets of the Fund as at the year end.	Our audit procedures included the following: <ul style="list-style-type: none">We evaluated the design and implementation of key controls over investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.

Page - 1

BDO Ebrahim & Co. Chartered Accountants

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S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of debt instruments valuations on the basis of prices at the Mutual Fund Association of Pakistan (MUFAP) as at June 30, 2024 and matching the valuation of investment with that appearing in the financial statements. We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.

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

The Management Company ("HBL Asset Management Limited") 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 the Management Company and its Board of Directors

The Management Company ("HBL Asset Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company 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, the Management Company 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 the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



The Board of Directors of the Management company is 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company'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 the Board of Directors of the Management Company 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.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

Other Matter

The financial statements of the fund for the year ended June 30, 2023 were audited by another firm of chartered accountants who have expressed an unmodified opinion on those statements vide their report dated September 25, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 27 SEP 2024

UDIN: AR202410166HbFcoWzyq


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INDEPENDENT ASSURANCE REPORT TO THE UNITHOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Scope of our Work

We have performed an independent assurance engagement of HBL Islamic Income Fund (the Fund), to express an opinion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the year ended June 30, 2024. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

Applicable Criteria

The criteria for the assurance engagement against which the underlying statement (the subject matter) is assessed comprises of compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor (criteria). Therefore, the underlying subject matter may not be suitable for another purpose. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

Management Company's responsibility

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

Our Independence and Quality Control

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firms apply International Standard on Quality Management (ISQM) 1 "Quality Management for Firms That Perform Audits and Reviews of Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of independent assurance providers

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor and is free from material misstatement.

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



The procedures performed included:

- Checking compliance of specified guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund; and
- Checking that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the year ended June 30, 2024 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for the year ended June 30, 2024.

KARACHI

DATED: SEPTEMBER 27, 2024


BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

HBL ISLAMIC INCOME FUND
Statement of Assets and Liabilities
As at June 30, 2023

		2024	2023
	Note	(Rupees in '000)	
ASSETS			
Balances with banks	5	6,339,205	2,045,477
Investments	6	8,487,118	5,575,761
Profit / mark-up receivable	7	394,696	255,625
Deposits and prepayments	8	100	319
TOTAL ASSETS		15,221,119	7,877,182
LIABILITIES			
Payable to the Management Company	9	26,694	14,248
Payable to the Trustee	10	1,497	1,095
Payable to Securities and Exchange Commission of Pakistan	11	910	1,557
Dividend payable		81,407	5,137
Accrued expenses and other liabilities	12	211,276	119,444
TOTAL LIABILITIES		321,784	141,481
NET ASSETS		14,899,335	7,735,701
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		14,899,335	7,735,701
Contingencies and commitments	13	----- (Number of Units) -----	
Number of units in issue	14	143,644,892	74,943,266
		----- (Rupees) -----	
Net assets value per unit		103.7234	103.2208

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC INCOME FUND

Income Statement

For the year ended June 30, 2024

		2024	2023
	Note	----- (Rupees in '000) -----	
Income			
Capital gain / (loss) on sale of investments - net		102,987	(2,442)
Income from GOP Ijara sukuk certificates		1,178,600	288,428
Income from corporate sukuk bonds		162,813	383,389
Income from term deposit receipts		698,698	227,244
Profit on bank deposits		907,244	498,878
		<u>3,050,342</u>	<u>1,395,497</u>
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	6.3	(48,091)	3,267
		<u>3,002,251</u>	<u>1,398,764</u>
Expenses			
Remuneration of the Management Company	9.1	131,660	42,433
Sindh Sales Tax on remuneration of the Management Company	9.2	17,116	5,516
Remuneration of the Trustee	10.1	10,565	5,841
Sindh Sales Tax on remuneration of the Trustee	10.2	1,373	759
Annual fee to Securities and Exchange Commission of Pakistan	11.1	10,538	1,557
Allocation of expenses related to registrar services, accounting, operation and valuation services	9.3 & 9.5	35,793	15,727
Selling and marketing expense	9.4	28,681	15,727
Auditors' remuneration	15	330	300
Fee and subscription		457	288
Security transaction costs and settlement charges		1,589	1,011
Bank charges		1,407	418
Printing Charges		198	-
Provision against GOP Ijarah sukuk		10,259	-
Shariah advisory charges		265	242
		<u>250,231</u>	<u>89,819</u>
Net income for the year before taxation		<u>2,752,020</u>	<u>1,308,945</u>
Taxation	16	-	-
Net income for the year		<u><u>2,752,020</u></u>	<u><u>1,308,945</u></u>
Allocation of net income for the year			
Income already paid on redemption of units		1,961,867	922,400
Accounting income available for distribution:			
Relating to capital gains		9,773	122
Excluding capital gains		780,380	386,423
		<u>790,153</u>	<u>386,545</u>
		<u><u>2,752,020</u></u>	<u><u>1,308,945</u></u>
Earnings per unit	17		

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

	2024	2023
	----- (Rupees in '000) -----	-----
Net income for the year	2,752,020	1,308,945
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>2,752,020</u>	<u>1,308,945</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC INCOME FUND
Statement Of Movement In Unitholders' Fund
For the year ended June 30, 2024

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	7,635,924	99,778	7,735,701	4,605,667	65,169	4,670,836
Issuance of 370,823,133 units (2023: 303,439,548 units)						
Capital value (at net asset value per unit at the beginning of the year)	38,276,647	-	38,276,647	31,863,145	-	32,002,755
Element of income	3,351,619	-	3,351,619	2,104,817	-	1,965,207
Total proceeds on issuance of units	41,628,266	-	41,628,266	33,967,962	-	33,967,962
Redemption of 302,121,507 units (2023: 273,949,821 units)						
Capital value (at net asset value per unit at the beginning of the year)	(31,185,213)	-	(31,185,213)	(28,151,267)	-	(28,151,267)
Income already paid on redemption of units	-	(1,961,867)	(1,961,867)	-	(922,400)	(922,400)
Element of loss	(1,830,277)	-	(1,830,277)	(2,104,945)	-	(2,104,945)
Total payments on redemption of units	(33,015,490)	(1,961,867)	(34,977,357)	(30,256,212)	(922,400)	(31,178,612)
Total comprehensive income for the year	-	2,752,020	2,752,020	-	1,308,945	1,308,945
Interim distribution						
Rs. 22 per unit declared on June 21, 2024 as cash dividend						
Refund of capital	(1,550,682)	-	(1,550,682)	-	-	-
Distribution during the year	-	(688,614)	(688,614)	-	-	-
Interim distribution						
Rs. 17.5 per unit declared on June 23, 2023 as cash dividend						
Refund of capital	-	-	-	(681,494)	-	(681,494)
Distribution during the year	-	-	-	-	(351,936)	(351,936)
	(1,550,682)	2,063,406	512,725	(681,494)	957,009	275,515
Net assets at end of the year	14,698,018	201,317	14,899,335	7,635,924	99,778	7,735,701
Undistributed income brought forward						
Realised income		96,511			55,463	
Unrealised gain		3,267			9,706	
		99,778			65,169	
Accounting income available for distribution						
Relating to capital		9,773			122	
Excluding capital gains		780,380			386,423	
		790,153			386,545	
Distributions during the year:						
Interim distribution of Rs 22 per unit declared on June 21, 2024 as cash dividend		(688,614)			-	
Interim distribution of Rs 17.5 per unit declared on June 23, 2023 as cash dividend		-			(351,936)	
		(688,614)			(351,936)	
Undistributed income carried forward		201,317			99,778	
Undistributed income carried forward						
Realised income		249,408			96,511	
Unrealised (loss) / income		(48,091)			3,267	
		201,317			99,778	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year			103.2208			102.7607
Net assets value per unit at end of the year			103.7234			103.2208

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL ISLAMIC INCOME FUND

Statement of Cash Flow

For the year ended June 30, 2024

	2024	2023
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	2,752,020	1,308,945
Adjustments for:		
Capital gain / (loss) on sale of investments - net	(102,987)	2,442
Income from GOP Ijara sukuk certificates	(1,178,600)	(288,428)
Income from corporate sukuk bonds	(162,813)	(383,389)
Income from term deposit receipts	(698,698)	(227,244)
Profit on bank deposits	(907,244)	(498,878)
Provision against GOP Ijarah sukuk	10,259	
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net	48,091	(3,267)
	(239,972)	(89,819)
(Increase) / decrease in assets		
Investments - net	(2,866,720)	(3,906,043)
Deposits and prepayments	218	(9)
	(2,866,502)	(3,906,052)
Increase / (decrease) in liabilities		
Payable to the Management Company	12,446	8,968
Payable to the Trustee	402	768
Payable to Securities and Exchange Commission of Pakistan	(647)	1,132
Payable against redemption of units	-	(4,601)
Accrued expenses and other liabilities	91,833	90,473
	104,034	96,740
Cash used in operations	(3,002,440)	(3,899,131)
Income received from GOP Ijara sukuk certificates	1,002,839	161,727
Income received from corporate sukuk bonds	216,847	351,363
Income received from term deposit receipts	698,698	227,244
Profit received on bank deposits	889,900	477,044
	2,808,284	1,217,378
Net cash used in operating activities	(194,156)	(2,681,753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	41,628,266	33,967,962
Amount paid on redemption of units	(34,977,357)	(31,178,612)
Dividend paid	(2,163,025)	(1,028,526)
Net cash generated from financing activities	4,487,884	1,760,824
Net increase / (decrease) in cash and cash equivalents	4,293,728	(920,929)
Cash and cash equivalents at beginning of the year	2,045,477	2,966,406
Cash and cash equivalents at end of the year	6,339,205	2,045,477

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The HBL Islamic Income Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PIIF/949/2014 dated April 4, 2014 as a notified entity and the trust deed was executed on February 20, 2014.
- 1.2 The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 17, 2021, the above-mentioned Trust Deed had been registered under the Sindh Trust Act.
- 1.3 Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. The Agha Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.
- 1.4 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.5 The Fund has been categorised as a Shariah Compliant Income Scheme as per the criteria laid down by the SECP for categorization of open-end Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited. The units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.6 The core objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.
- 1.7 VIS Credit Rating Agency has assigned a management quality rating of 'AM1' (Stable outlook) to the Management Company and a stability rating of A+(f) to the Fund as at December 29, 2023 and January 02, 2024, respectively.
- 1.8 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 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 as applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'Non-Banking Finance Companies Regulations') and the requirements of the Trust Deed.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis, unless otherwise stated.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional currency.

2.4 Use of judgments and estimates

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

Classification and valuation of investment

For details please refer notes 4.2.1.1 and 6 to these financial statements.

Impairment of investment

For details please refer note 4.2.1.2 to these financial statements.

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

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	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' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

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

The Management Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

3.2 New accounting standards, amendments and interpretations 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 date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial	January 01, 2026

	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	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' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

4. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

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.

4.2.1 Financial Assets

4.2.1.1 Classification and measurement of financial assets

On initial recognition, a financial asset is classified and measured at amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income and impairment are recognised in income statement.

4.2.1.2 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investments and bank balances.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

4.2.1.3 Regular way purchase and sale of financial assets

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset.

4.2.1.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.3 Offsetting of financial assets and liabilities

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 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

4.5 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

4.6 Issue and redemption of units

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

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

4.7 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund.

4.8 Net assets value per unit

The net assets value (NAV) per unit as 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.

4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / profit / return on Government securities, bank profits and investment in debt securities are recognized using the effective interest method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.

4.10 Transactions with related parties / connected persons

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

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

5.	BALANCES WITH BANKS	Note	2024	2023
			----- (Rupees in '000) -----	
	Local Currency			
	Savings accounts	5.1 & 5.2	6,257,155	2,045,427
	Current accounts		82,050	50
			<u>6,339,205</u>	<u>2,045,477</u>

5.1 This represents bank accounts held with various banks. Profit rates on these accounts during the year ranging between 15% to 21.30% (June 30, 2023: 8.70% to 20.25%) per annum.

5.2 This includes a balance held by Habib Bank Limited (a related party), amounting to Rs. 1024.01 million (June 30, 2023: Rs. 364.622 million) on which return is earned ranging between 15% to 21.35% (June 30, 2023: 9.21% to 15%) per annum.

6.	INVESTMENTS	Note	2024	2023
			----- (Rupees in '000) -----	
	Financial assets			
	At fair value through profit or loss	6.1	6,942,217	4,164,005
	At amortised cost	6.2	1,544,901	1,411,756
			<u>8,487,118</u>	<u>5,575,761</u>

6.1 Financial assets at fair value through profit or loss

Corporate sukuk bonds	6.1.1	376,182	1,302,865
GoP Ijara sukuk certificates	6.1.4	6,566,035	2,861,140
		<u>6,942,217</u>	<u>4,164,005</u>

6.1.1 Corporate sukuk bonds

Name of the investee company	As at July 1, 2023	Purchases made during the year	Sales / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Un-realised appreciation / (diminution)	Market value as a percentage of	
								Total investments	Net assets
----- (Number of units) ----- (Rupees in '000) ----- % -----									
Corporate sukuk bonds - listed									
Agha Steel Industries Limited	-	4,964	-	4,964	39,354	39,354	-	0.46%	0.26%
Agha Steel Industries Limited	73	-	73	-	-	-	-	0.00%	0.00%
	73	4,964	73	4,964	39,354	39,354	-	0.46%	0.26%
Corporate sukuk bonds - unlisted									
OBS AGP Private Limited	1,100	-	1,100	-	-	-	-	0.00%	0.00%
Ghani Gases Limited	1,330	-	1,330	-	-	-	-	0.00%	0.00%
K-Electric Limited - 23/11/22	3,570	-	3,570	-	-	-	-	0.00%	0.00%
K-Electric Limited - 09/02/23	600	-	600	-	-	-	-	0.00%	0.00%
Hub Power Company Limited - 19/03/20	350	-	350	-	-	-	-	0.00%	0.00%
Hub Power Company Limited - 12/11/20	1,050	-	-	1,050	81,512	80,286	(1,226)	0.95%	0.54%
TPL Corporation Limited	150	-	-	150	15,000	14,100	(900)	0.17%	0.09%
OBS Pharma	-	2,250	-	2,250	225,000	225,000	-	2.65%	1.51%
Lucky Electric Power Company Limited - 27/3/23	250	-	250	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited - 16/08/23	-	1,050	1,050	-	-	-	-	0.00%	0.00%
TPL Trakker Limited	44	-	-	44	17,022	17,442	420	0.21%	0.12%
	8,444	3,300	8,250	3,494	338,534	336,828	(1,706)	3.97%	2.26%
Total - as at June 30, 2024	8,517	8,264	8,323	8,458	377,888	376,182	(1,706)	4.43%	2.52%
Total - as at June 30, 2023	8,868	6,983	7,334	8,517	1,302,082	1,302,865	609	49.00%	14.36%

6.1.2 These corporate sukuk bonds, carry profit at the rates ranging from 21.76% to 25.91% (June 30, 2023: 11.90% to 24.94%) per annum.

6.1.3 Significant terms and conditions of corporate sukuk bonds as at June 30, 2024 are as follows:

Name of the investee company	Payment term	Remaining principal (per sukuk bond)	Profit rate (per annum)	Issue date	Maturity date
----- (Rupees in '000) -----					
Corporate Sukuk Bonds - listed					
Agha Steel Industries Limited	Quarterly	8,000	3 Month Kibor + 0.8%	October 9, 2018	October 9, 2025
Corporate Sukuk Bonds - unlisted					
Hub Power Company Limited - 12/11/20	Semi Annually	75,000	6 Month KIBOR+2.5%	November 12, 2020	November 12, 2025
TPL Corporation Limited	Quarterly	100,000	3 Month Kibor + 2.25%	June 23, 2022	June 23, 2027
OBS Pharma	Semi Annually	100,000	23.14%	February 29, 2024	August 29, 2024
TPL Trakker Limited	Quarterly	388,889	3 Month Kibor + 3%	March 30, 2021	March 30, 2026

Issue Details	Issue date	Face value				Carrying value as at 30, 2024	Market value as at June 30, 2024	Un-realised appreciation / (diminution)	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2023	Purchases during the year	Sales / matured during the period	As at June 30, 2024					
(Rupees in '000)										
GOPIS-VRR 26-10-27	26-Oct-22	616,500	-	616,500	-	-	-	-	0.00%	0.00%
GOPIS-VRR 22-05-24	17-Apr-23	109,500	923,700	1,033,200	-	-	-	-	0.00%	0.00%
GOPIS-VRR 17-04-24	25-May-23	2,135,500	4,833,300	6,968,800	-	-	-	-	0.00%	0.00%
GOPIS-VRR 07-08-24	7-Aug-23	-	3,002,100	3,000,000	2,100	2,128	2,102	(26)	0.02%	0.01%
GOPIS-VRR 04-12-28	12-Dec-23	-	100,000	100,000	-	-	-	-	0.00%	0.00%
GOPIS-VRR 26-06-24	26-Jun-23	-	11,200	11,200	-	-	-	-	0.00%	0.00%
GOPIS-FRR 09-10-24	9-Oct-23	-	13,451,000	8,176,000	5,275,000	5,359,398	5,309,815	(49,583)	62.56%	35.64%
GOPIS-VRR 04-12-24	4-Dec-23	-	25,000	9,800	15,200	15,200	15,252	52	0.18%	0.10%
GOPIS-FRR 04-12-28	4-Dec-23	-	100,000	100,000	-	-	-	-	0.00%	0.00%
GOPIS-FRR 04-12-26	4-Dec-23	-	150,000	-	150,000	150,285	150,165	(120)	1.77%	1.01%
GOPIS-VRR 04-12-26	4-Dec-23	-	75,000	75,000	-	-	-	-	0.00%	0.00%
GOPIS-VRR 12-07-24	12-Jul-23	-	1,475,000	1,400,000	75,000	75,548	75,068	(480)	0.88%	0.50%
GOPIS 12M 24-01-2024	24-Jan-24	-	277,035	235,015	42,020	38,150	37,871	(278)	0.45%	0.25%
GOPIS 12M 26-04-2024	26-Apr-24	-	1,125,005	225	1,124,780	971,711	975,762	4,051	11.50%	6.55%
Total - as at June 30, 2024		2,861,500	25,548,340	21,725,740	6,684,100	6,612,420	6,566,035	(46,384)	77.36%	44.07%
Total - as at June 30, 2023		-	20,432,000	17,570,500	2,861,500	2,857,655	2,861,140	3,485	51.31%	36.99%

6.1.5 These GOP Ijara sukuk certificates, during the year carry profit at the rates ranging from 15.75% to 23.71% (June 30, 2023: 15.69% to 22.68%)

6.2 Financial assets at amortised cost	Note	2024	2023
		(Rupees in '000)	
Term Deposit Receipts (TDRs)	6.2.1	1,544,901	1,411,756
		1,544,901	1,411,756

6.2.1 Financial assets at amortised cost - Term Deposit Receipts

Name of the investee compmay	As at July 1, 2023	Placement made during the year	Income accrued	Matured / sold during the year	As at June 30, 2024	Percentage of net assets	Percentage of total of investments
(Rupees in '000)							
UBL Ameen Islamic Banking	1,411,756	2,500,000	32,722	3,944,478	-	-	-
Allied Bank Limited Islamic Banking	-	2,350,000	3,257	2,353,257	-	-	-
Bank Islami Pakistan Limited	-	4,850,000	13,970	4,863,970	-	-	-
Faysal Bank Limited	-	17,050,000	65,457	17,115,457	-	-	-
MCB Bank Limited	-	13,630,000	38,903	13,668,903	-	-	-
United Bank Limited	-	4,050,000	23,298	4,073,298	-	-	-
Pak Oman Investment Company (Private) Limited.	-	1,674,017	172,002	1,846,019	-	-	-
Allied Bank Limited	-	2,200,000	3,797	2,203,797	-	-	-
Bank Al Falah Limited	-	4,250,000	73,038	4,323,038	-	-	-
MCB Islamic Bank Limited	-	2,600,000	10,334	2,610,334	-	-	-
Meezan Bank Limited	-	3,000,000	7,485	3,007,485	-	-	-
Pak Kuwait Investment Co. Limited	-	1,830,000	7,439	1,837,439	-	-	-
Pak Brunei Investment Co. Limited	-	3,563,951	246,996	2,266,046	1,544,901	10.37%	18.20%
Total - as at June 30, 2024	1,411,756	63,547,968	698,698	64,113,521	1,544,901	10.37%	18.20%
Total - as at June 30, 2023	-	1,400,000	11,756	-	1,411,756	25.32%	18.25%

6.2.2 This Term deposit receipts carry profit rates at the rates ranging from 19.30% to 21.45% (June 30, 2023: 20.35%)

6.3 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss' - net	Note	2024	2023
		(Rupees in '000)	
Market value of investments	6.1.1, 6.1.4	6,942,217	4,164,005
Carrying value of investments	6.1.1, 6.1.4	(6,990,308)	(4,160,737)
		<u>(48,091)</u>	<u>3,267</u>

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
7. PROFIT / MARK-UP RECEIVABLE			
Bank deposits	7.1	72,064	54,720
Corporate sukuk bonds		20,168	74,202
GOP Ijara sukuk certificates		302,464	126,703
		<u>394,696</u>	<u>255,625</u>

7.1 This includes Rs. 7.39 million (June 30, 2023: Rs. 2.082 million) receivable from Habib Bank Limited, a related party.

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
8. DEPOSITS AND PREPAYMENTS			
Security deposits with Central Depository- Company of Pakistan Limited		100	100
Prepaid rating fee		-	219
		<u>100</u>	<u>319</u>

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
9. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	9.1	15,932	5,042
Sindh Sales Tax payable on Management Company's remuneration	9.2	2,071	655
Allocation of fees and expenses related to registrar services, accounting, operation and valuation services.	9.3	-	1,483
Sales load payable		1,113	1,582
Selling and marketing expense payable	9.4	7,578	5,486
		<u>26,694</u>	<u>14,248</u>

9.1 As per Regulation 61 of the amended NBFC regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the Offering Document is 1.5% per annum of average annual net assets. During the year, the fee is being charged at the rate ranging from 0.68% to 1.31% (2023 : 0.35% to 0.70%) 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, 2023: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

9.3 As per Regulation 60(3)(s) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate ranging from 0.2% to 0.35% of the average annual net assets accordingly.

9.4 As per Regulation 60(3)(v) of the amended NBFC Regulations, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds with no cap. During the year, the fee is being charged at the rate ranging from 0.20% to 0.51% of the average annual net assets accordingly.

	Note	2024 ----- Rupees in '000 -----	2023
10. PAYABLE TO THE TRUSTEE			
Trustee fee payable	10.1	912	969
Sindh Sales Tax payable on remuneration of the Trustee	10.2	119	126
CDS charges payable		466	-
		<u>1,497</u>	<u>1,095</u>

10.1 As per CDC vide notification CDC/CEO/L-112/02/2019, dated June 27, 2019, Trustee fee shall be charged at the rate 0.075% of the average annual net assets of the Fund. During the year, Management Company has charged the Trustee fee accordingly.

10.2 Sindh Sales Tax at the rate of 13% (June 30, 2023: 13%) is applicable on Trustee fee as per Sindh Sales Tax on Services Act, 2011.

11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee payable	910	1,557
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11.1 As per Regulation 62 of NBFC Regulations, an Asset Management Company managing a CIS shall pay SECP an annual fee of 0.02% of the average annual nets assets. The fee is payable annually in arrears.

	Note	2024 ----- Rupees in '000 -----	2023
12. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty	12.1	1,344	1,344
Withholding tax payable		208,246	117,492
Auditors' remuneration		234	195
Printing charges		52	-
Security transaction costs and settlement charges payable		866	100
Other payables		534	314
		<u>211,276</u>	<u>119,445</u>

12.1 The legal status of applicability of Federal Excise Duty (FED) on the Fund is the same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2023. However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 1.344 million (2023: Rs. 1.344 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2024 would have been higher by Re. 0.0094 per unit (2023: Re. 0.0179 per unit).

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 (June 30, 2023: Nil).

	2024	2023
	----- Number of Units -----	
14. NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	74,943,266	45,453,539
Add: Units issued during the year	370,823,133	303,439,548
Less: Units redeemed during the year	(302,121,507)	(273,949,821)
Total units in issue at the end of the year	<u>143,644,892</u>	<u>74,943,266</u>

	-----Rupees in '000-----	
15. AUDITORS' REMUNERATION		
Annual audit fee	252	229
Fee for half yearly review	78	71
	<u>330</u>	<u>300</u>

16. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current year, as the Management Company has distributed at least 90% of the Fund's accounting income as reduced by capital gains (whether realised or unrealised) to its unit holders. In addition to that, the Super tax enacted by finance act 2022 is not applicable to funds u/s 4(c) of the Income Tax Ordinance 2001.

17. EARNINGS PER UNIT

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

18. FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	----- As at June 30, 2024 -----		
	Fair value through profit or loss	Amortised cost	Total
	----- (Rupees in '000) -----		
Financial assets			
Balances with banks	-	6,339,205	6,339,205
Investments			
Corporate Sukuk Bonds	376,182	-	376,182
GoP Ijara sukuk certificates	6,566,035	-	6,566,035
Term Deposit Receipts	-	1,544,901	1,544,901
Profit / mark-up receivable	-	394,696	394,696
Deposits and Prepayments	-	100	100
	<u>6,942,217</u>	<u>8,278,902</u>	<u>15,221,119</u>

Particulars	----- As at June 30, 2024 -----		
	Fair value through profit or loss	Amortised cost	Total
	----- (Rupees in '000) -----		
Financial liabilities			
Payable to the Management Company	-	24,623	24,623
Payable to the Trustee	-	912	912
Accrued expenses and other liabilities	-	1,686	1,686
	<u>-</u>	<u>27,221</u>	<u>27,221</u>

Particulars	As at June 30, 2023		
	Fair value through profit or loss	Amortised cost	Total
(Rupees in '000)			
Financial assets			
Bank balances	-	2,045,477	2,045,477
Investments			
Corporate Sukuk Bonds	1,302,865	-	1,302,865
GoP Ijara sukuk certificates	2,861,140	-	2,861,140
Term Deposit Receipts	-	1,411,756	1,411,756
Profit / mark-up receivable	-	255,625	255,625
Deposits and Prepayments		100	100
	4,164,005	3,712,958	7,876,963

Particulars	As at June 30, 2023		
	Fair value through profit or loss	Amortised cost	Total
(Rupees in '000)			
Financial liabilities			
Payable to the Management Company	-	13,593	13,593
Payable to the Trustee	-	969	969
Payable against redemption of units	-	-	-
Dividend Payable	-	5,137	5,137
Accrued expenses and other liabilities	-	609	609
	-	20,308	20,308

19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

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

Details of the transactions with connected persons and balances with them are as follows:

	2024	2023
	----- (Rupees in '000) -----	
19.1 Transactions during the year		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	131,660	42,433
Sindh Sales Tax on remuneration of the Management Company	17,116	5,516
Sales load	1,589	1,011
Allocation of expenses related to registrar services, accounting, operation and valuation services	35,793	15,727
Selling and marketing expense	28,681	15,727
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	10,565	5,841
Sindh Sales Tax payable on the Trustee fee	1,373	759
Central Depository Service charges	487	487
Habib Bank Limited - Sponsors		
Bank charges	349	349
Profit on bank deposit earned	4,512	4,512
Directors and executives of the Management Company		
Issue of 1,077,956 units (June 30, 2023: 135,712 units)	122,613	12,510
Redemption of units 1,110,796 Units (June 30, 2023: 159,305 units)	127,289	17,656
Dividend paid	967	132
HBL Asset Management Limited - Employees' Gratuity Fund		
Issue of 17,431 Units (June 30, 2023: Nil)	2,000	-
Dividend Reinvestment units	336	104
HBL Asset Management Limited - Employees' Provident Fund		
Issue of 34,861 Units (June 30, 2023: Nil)	4,000	-
Dividend Reinvestment units	-	560
Jubilee Life Insurance Company Limited		
Issue of Nil (June 30, 2023: Nil) units	568,076	-
Redemption of units 4,534,613 (June 30, 2023: Nil units)	568,076	
Dividend Reinvestment units		58,925
Archroma Pakistan Limited - Associate		
Issue of Nil Units (June 30, 2023: 653,084)	-	67,288
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Issue of 108,966 Units (June 30, 2023: 998,776 units)	11,297	101,000
Redemption of 1,008,200 Units (June 30, 2023: 99,542)	112,824	10,250
Dividend paid	-	1,654
MCBFSL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Plan - Fund under common management		
Issue of Nil (June 30, 2023: Nil) units	-	-
Redemption of 1,093 (June 30, 2023: 1,093) units	494	198
Dividend paid	-	81

	2024	2023
	----- (Rupees in '000) -----	
Syed Fayeze Asar		
Related party due to holding more than 10%		
Issue of Nil (June 30, 2023: 803,311) units	-	123,264
Redemption of Nil (June 30, 2023: 379,779) units	-	91,024
Zahid Rashid Soorty		
Related party due to holding more than 10%		
Issue of Nil Units (June 30, 2023: Nil)	-	-
Redemption of Nil Units (June 30, 2022: 5,641,545)	-	667,945
Dividend paid	-	-
Rohtas Associates (Pvt) Limited		
Related party due to holding more than 10%		
Issue of Nil (June 30, 2023: 2,223,172)	-	256,678
Redemption of 1,293,010 (June 30, 2023: 1,130,162)	137,077	135,938
HBL Financial Sector Income Fund - I		
Purchase of GOP Ijara Sukuk	-	2,100,000
Purchase of GOP Ijara Sukuk	-	400,000
Sale of GOP Ijara Sukuk	-	2,100,000
Sale of GOP Ijara Sukuk	-	400,000
HBL Islamic Asset Allocation Fund		
Purchase of OBS AGP Sukuk	-	20,000
Purchase of OBS AGP Sukuk	-	15,000
Purchase of TPL Trakker Sukuk	-	11,556
Purchase of Hub Power Holding Company Sukuk	-	40,000
HBL Government Securities Fund		
Sale of GOP Ijara Sukuk	-	492,000
Purchase of GOP Ijara Sukuk	175,000	400,000
HBL Islamic Pension Debt Fund under common management		
Purchase GOP Ijara Sukuk	27,000	-
19.2 Balances outstanding as at year end		
HBL Asset Management Limited - Management Company		
Remuneration payable to the Management Company	15,932	5,042
Sindh Sales Tax payable on Management Company's remuneration	2,071	655
Sales load payable	1,113	1,582
Allocation of expenses related to registrar services, accounting, operation and valuation services	-	1,483
Selling and marketing expense payable	7,578	5,486
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	912	969
Sindh Sales Tax on remuneration of the Trustee	119	126
CDS charges payable	466	-
Habib Bank Limited - Sponsor		
Bank balances	1,023,995	364,622

	2024	2023
	----- (Rupees in '000) -----	
HBL Asset Management Limited - Employees' Gratuity Fund Units held: 29,588 (June 30, 2023: 5,949)	3,072	719
HBL Asset Management Limited - Employees' Provident Fund Units held: 87,685 (June 30, 2023: 31,980)	9,105	3,863
Jubilee Life Insurance Company Limited Units held: 5,500,587 (June 30, 2023: 4,534,613)	571,168	468,066
Archroma Pakistan Limited - Associate Units held: Nil (June 30, 2023: 653,084)	-	67,412
MCBFSL Trustee HBL Islamic Financial Planning Fund Active Allocation Plan - Fund under common management Units held: Nil (June 30, 2023: 899,234)	-	92,820
MCBFSL Trustee HBL Islamic Financial Planning Fund Conservative Allocation Plan - Fund under common management Units held: Nil (June 30, 2023: 4,419)	-	456
Syed Fayez Asar Related party due to holding more than 10% Units held: Nil (June 30, 2023: 423,532)	-	43,717
Zahid Rashid Soorty Related party due to holding more than 10% Units held: Nil (June 30, 2023:)	-	579,729
Rohtas Associates (Pvt) Ltd Related party due to holding more than 10% Units held: Nil (June 30, 2023: 1,293,010) units	-	133,466
Directors and executives of the Management Company Units held: 148,483 (June 30, 2023: 24,570) units	15,418	2,536

20. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management 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 the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of long, medium and short term Shariah compliant debt instruments and money market placements. These activities are exposed to a variety of financial risks i.e. market risks, credit risks and liquidity risks.

20.1 Market risk

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

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

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

20.1.1 Currency risk

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

20.1.2 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 risks

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 15% to 21.3% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2024, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs.63.39 million (2023: Rs. 20.45 million).

b) Fair value interest rate risks

The Fund's investment in GOP Ijarah Sukuk Certificates and Corporate Sukuk Bonds exposes it to fair value interest rate risk.

In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan on June 30, 2024, with all other variables held constant, the net income for the year and the net assets would be lower by Rs 69.06 million (2023: 28.61 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2024, with all other variables held constant, the net income for the year and the net assets would be higher by Rs. 69.06 million (2023: 28.61 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, 2024 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-statement of financial position financial instruments is based on the earlier of contractual repricing or maturity date and for off-statement of financial position instruments is based on the settlement date.

Particulars	As at June 30, 2024					Total
	Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Balances with banks	15 - 21.3	6,257,155	-	-	82,050	6,339,205
Investments						
Corporate sukuk bonds	21.76 - 25.91	-	376,182	-	-	376,182
GoP Ijara sukuk certificates	15.75 - 23.71	-	6,566,035	-	-	6,566,035
Term Deposit Receipts	19.3 - 21.45	-	1,544,901	-	-	1,544,901
Profit / mark-up receivable		-	-	-	394,696	394,696
Deposits and prepayments		-	-	-	100	100
Sub total		6,257,155	8,487,118	-	476,846	15,221,119
Financial liabilities						
Payable to the Management Company		-	-	-	24,623	24,623
Payable to the Trustee		-	-	-	912	912
Accrued expenses and other liabilities		-	-	-	1,686	1,686
Sub total		-	-	-	27,221	27,221
On-balance sheet gap (a)		6,257,155	8,487,118	-	449,625	15,193,898
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		6,257,155	8,487,118	-	449,625	15,193,898
Cumulative interest rate sensitivity gap		6,257,155	8,487,118	-	-	-

Particulars	As at June 30, 2023					Total
	Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	8.70 - 20.25	2,045,427	-	-	50	2,045,477
Investments						
Corporate Sukuk Bonds	11.90 - 24.94	-	1,302,865	-	-	1,302,865
GoP Ijara sukuk certificates	15.69 - 22.68	-	2,861,140	-	-	2,861,140
Term Deposit Receipts	20.35	-	1,411,756	-	-	1,411,756
Profit / mark-up receivable		-	-	-	255,625	255,625
Deposits and prepayments		-	-	-	100	100
Sub total		2,045,427	5,575,761	-	255,775	7,876,963
Financial liabilities						
Payable to the Management Company		-	-	-	13,593	13,593
Payable to the Trustee		-	-	-	969	969
Dividend Payable		-	-	-	5,137	5,137
Accrued expenses and other liabilities		-	-	-	609	609
Sub total		-	-	-	20,308	20,308
On-balance sheet gap (a)		2,045,427	5,575,761	-	235,467	7,856,655
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		2,045,427	5,575,761	-	235,467	7,856,655
Cumulative interest rate sensitivity gap		2,045,427	5,575,761	-	-	-

20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, The Fund's investment in corporate sukuk bonds exposes to price risk.

20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities, profit / mark-up receivable and bank balances. Risks attributable to investments in GoP Ijarah Sukuk is limited as these are guaranteed by the Federal Government while bank balances are maintained with banks with a reasonably high credit rating and investment in corporate sukuk are made in good rating companies. The risk of default is considered minimal due to interest systematic measures taken therein.

20.2.1 The analysis below summarises the credit quality of the Fund's bank balances and Investments as at June 30, 2024 and June 30, 2023:

Name of bank / institutions	Balances held by the Fund as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
(Rupees in '000)			
Balances with banks by rating category			
Bank Islami Pakistan Limited	82,885	A-1	PACRA
Al Baraka Bank Pakistan Limited	3,794	A-1	VIS
Habib Bank Limited	1,024,014	A-1+	VIS
Soneri Bank Limited	4,123,758	A-1+	PACRA
Dubai Islamic Bank Limited	1,499	A-1+	VIS
Faysal Bank Limited	1,101,587	A-1+	PACRA
Bank Al Habib Limited	39	A-1+	PACRA
MCB Islamic Bank Limited	96	A-1	PACRA
United Bank Limited	216	A-1+	VIS
Bank Alfalah Limited	461	A-1+	PACRA
National Bank of Pakistan	50	A-1+	PACRA
U Micro Finance Bank	793	A-1	VIS
Bank of Khyber	13	A-1	PACRA
	<u>6,339,205</u>		
Corporate Sukuk - Listed			
Agha Steel Industries Limited	39,354	D	VIS
	<u>39,354</u>		
Corporate Sukuks - Unlisted			
Hub Power Company Limited - 12/11/20	80,286	AA+	PACRA
TPL Corporation Limited	14,100	AA-	PACRA
OBS Pharma	225,000	N/A	N/A
TPL Trakker Limited	17,442	A+	PACRA
	<u>336,828</u>		
	<u>376,182</u>		

Name of bank / institutions	Balances held by the Fund as at June 30, 2023	Latest available published rating as at June 30, 2023	Rating agency
Balances with banks by rating category		(Rupees in '000)	
Bank Islami Pakistan Limited	149,333	A-1	PACRA
Bank Al Baraka Limited	1,510,021	A-1	JCR-VIS
Habib Bank Limited	364,653	A-1+	VIS
Soneri Bank Limited	623	A-1+	PACRA
Dubai Islamic Bank Limited	211	A-1+	JCR-VIS
Faysal Bank Limited	713	A-1+	PACRA
Summit Bank Limited	125	Suspended	JCR-VIS
Bank Al Habib Limited	18,564	A-1+	PACRA
MCB Islamic Bank Limited	115	A-1	PACRA
United Bank limited	11	A-1+	JCR VIS
Bank Alfalah Limited	164	A-1+	PACRA
National Bank of Pakistan	27	A-1+	PACRA
U Micro Finance Bank	903	A-1	VIS
Bank of Khyber	14	A-1	PACRA
	2,045,477		
Corporate Sukuk - Listed			
Agha Steel Industries Limited	48,841	A+	JCR-VIS
	48,841		
Corporate Sukuks - Unlisted			
OBS AGP Private Limited	89,554	A	JCR-VIS
Ghani Gases Limited	15,295	A	PACRA
Hub Power Company Limited 190320	17,588	AA+	PACRA
Hub Power Company Limited - 121120	107,762	AA+	PACRA
TPL Corporation Limited	14,999	AA-	PACRA
Lucky Electric Power Company	25,000	AA	PACRA
K-Electric Limited	957,026	AA+	JCR-VIS
TPL Trakker Limited	26,800	A+	PACRA
	1,254,024		
	1,302,865		

20.2.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2024	2023
	----- (Percentage) -----	
A-1+	98.62%	18.82%
A-1	1.38%	81.17%

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in privately placed corporate sukuk and bank balances while the remaining transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

20.3 Liquidity risk

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

The Fund is exposed to daily cash redemptions, if any, at the option of unit holders. 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 realisable.

The Fund, through Management Company with prior approval of Trustee, has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year no borrowings was made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current year.

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

Particulars	----- As at June 30, 2024 -----			
	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees in '000) -----				
Financial liabilities				
Payable to the Management Company	24,623	-	-	24,623
Payable to the Trustee	912	-	-	912
Accrued expenses and other liabilities	1,686	-	-	1,686
	<u>27,221</u>	<u>-</u>	<u>-</u>	<u>27,221</u>

Particulars	----- As at June 30, 2023 -----			
	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees in '000) -----				
Financial liabilities				
Payable to the Management Company	13,593	-	-	13,593
Payable to the Trustee	969	-	-	969
Dividend Payable	5,137	-	-	5,137
Accrued expenses and other liabilities	609	-	-	609
	<u>20,308</u>	<u>-</u>	<u>-</u>	<u>20,308</u>

21. UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Particulars	June 30, 2024						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total

Note ----- (Rupees in '000) -----

Financial assets measured at fair value

Corporate sukuk bonds	376,182	-	376,182	-	376,182	-	376,182
GoP Ijara sukuk certificates	6,566,035	-	6,566,035	1,013,634	5,552,401	-	6,566,035
	<u>6,942,217</u>	<u>-</u>	<u>6,942,217</u>	<u>1,013,634</u>	<u>5,928,583</u>	<u>-</u>	<u>6,942,217</u>

Financial assets not measured at fair value

22.1

Balances with banks	-	6,339,205	6,339,205				
Term Deposit Receipts	-	1,544,901	1,544,901				
Profit / mark-up receivable	-	394,696	394,696				
Deposits and prepayments	-	100	100				
	-	<u>8,278,902</u>	<u>8,278,902</u>				

Financial liabilities not measured at fair value

22.1

Payable to the Management Company	-	24,623	24,623				
Payable to the Trustee	-	912	912				
Accrued expenses and other liabilities	-	1,686	1,686				
	-	<u>27,221</u>	<u>27,221</u>				

Particulars	June 30, 2023						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note ----- (Rupees in '000) -----						
Financial assets not measured at fair value							
Corporate sukuk bonds	1,302,865	-	1,302,865.00	-	270,198	1,032,667	1,302,865
GoP Ijara sukuk certificates	2,861,140	-	2,861,140	2,861,140	-	-	2,861,140
	<u>4,164,005</u>	<u>-</u>	<u>4,164,005</u>	<u>2,861,140</u>	<u>270,198</u>	<u>1,032,667</u>	<u>4,164,005</u>
Financial assets not measured at fair value	22.1						
Bank balances	-	2,045,477	2,045,477				
Term Deposit Receipts	-	1,411,756	1,411,756				
Profit / mark-up receivable	-	255,625	255,625				
Deposits	-	100	100				
	-	<u>3,712,958</u>	<u>3,712,958</u>				
Financial liabilities not measured at fair value	22.1						
Payable to the Management Company	-	13,593	13,593				
Payable to the Trustee	-	969	969				
Payable against redemption of units	-	-	-				
Dividend payable	-	5,137	5,137				
Accrued expenses and other liabilities	-	609	609				
	-	<u>20,308</u>	<u>20,308</u>				

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

22.2 Transfers during the year

No transfer were made between various levels of fair value hierarchy during the year.

23. LIST OF BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

Top ten brokers during the year ended June 30, 2024

- 1 Al Falah CLSA Securities (Pvt) Ltd
- 2 Next Capital Limited
- 3 Continental Exchange (Pvt) Ltd.
- 4 C & M Management (Pvt) Ltd.
- 5 Summit Capital (Pvt) Ltd
- 6 Pearl Securities Limited
- 7 Magenta Capital (Pvt) Ltd
- 8 BMA Capital Management Ltd.
- 9 JS Global Capital Limited
- 10 AKD Securities Limited

Category	----- As at June 30, 2023 -----			
	Number of unit holders	Number of units held	Investment amount	Percentage
			Rupees in '000'	
Individuals	2,306	40,222,217	4,151,769	53.67%
Associated company	3	44,388	4,582	0.06%
Insurance companies	9	12,986,660	1,340,493	17.33%
Retirement funds	20	3,856,325	398,053	5.15%
Trust	4	1,721,691	177,714	2.30%
Foreign investors	7	111,031	11,459	0.15%
Others	15	16,000,954	1,651,631	21.35%
	2,364	74,943,266	7,735,701	100.00%

26. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Six meetings of the Board of Directors were held on August 25, 2023, October 20, 2023, October 27, 2023, January 25, 2024, February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar	6	6	-	-
2	Ms. Ava A. Cowasjee	6	6	-	-
3	Mr. Rayomond H. Kotwal	6	5	1	October 27, 2023.
4	Mr. Abrar Ahmed Mir	6	6	-	-
5	Mr. Tariq Masaud	6	6	-	-
6	Mr. Abid Sattar	6	6	-	-
7	Mr. Khalid Malik	6	6	-	-

27. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the year ended June 30, 2024 is 1.78% (June 30, 2023: 1.15%) which includes 0.21% (June 30, 2023: 0.10%) representing Government levy and SECP fee.

28. CORRESPONDING FIGURES

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

29. GENERAL

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

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Equity Fund

NAME OF FUND	HBL ISLAMIC EQUITY FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	Yousuf Adil & Co. Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Bank Islami Pakistan Limited Bank Al Baraka Limited MCB Bank Limited Faisal Bank Limited Habib Bank Limited

Type and Category of Fund

Open end Equity Fund

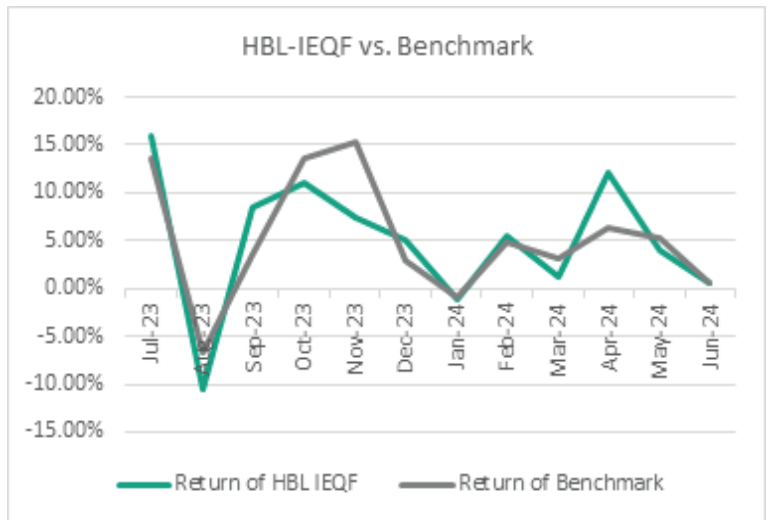
Investment Objective and Accomplishment of Objective

The objective of the Fund is to provide maximum total return to the unit holders from investment in shariah compliant equity investments for the given level of risk.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is KMI 30 Index.

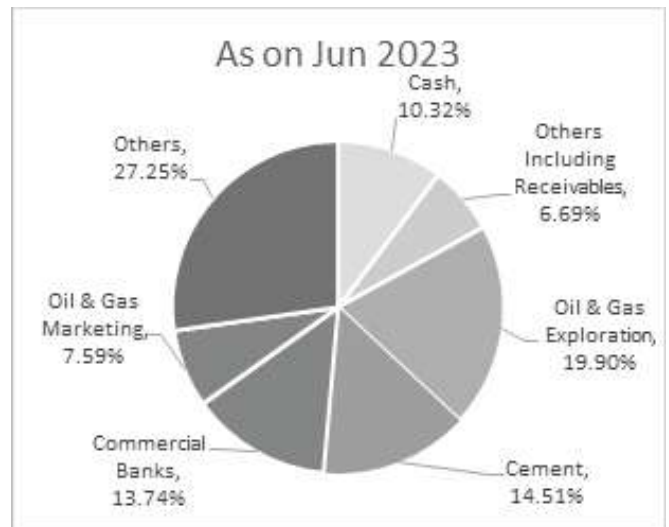
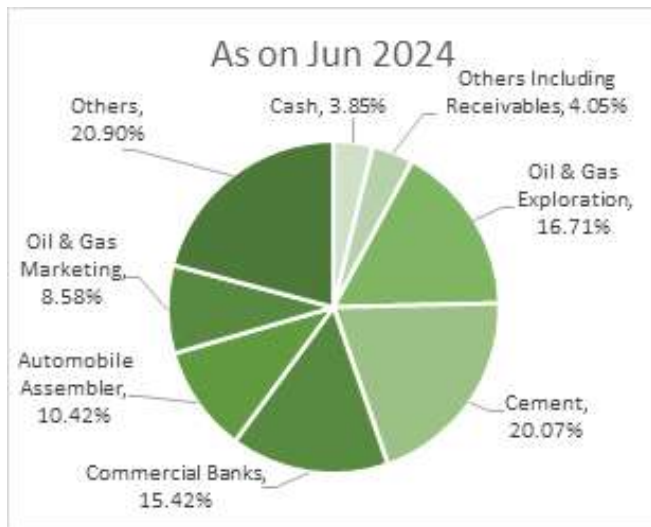
Month	Return of Fund	
	HBL-IEQF	Benchmark
Jun-24	0.58%	0.51%
May-24	3.99%	5.30%
Apr-24	12.14%	6.30%
Mar-24	1.28%	3.23%
Feb-24	5.47%	4.96%
Jan-24	-1.08%	-0.97%
Dec-23	4.99%	2.98%
Nov-23	7.38%	15.27%
Oct-23	11.05%	13.59%
Sep-23	8.38%	3.60%
Aug-23	-10.57%	-6.72%
Jul-23	16.02%	13.60%



Strategies and Policies employed during the Year

During the year under review, the Fund increased its exposure in equity from 73.41% of total assets as on June 2023 to 79.24% as on June 2024. Furthermore, sector wise allocation was continuously reviewed and revisited throughout the year to ensure optimum return to the investors. Accordingly, exposure in commercial banks, automobile assemblers and cement was increased, while exposure in oil & gas exploration and others was decreased.

Asset Allocation



Significant Changes in Asset Allocation during the Year

Following table shows comparison of sector wise allocation of equity investments of Fund as on June 30, 2024 and June 30, 2023:

Sector Name	As on Jun 2024	As on Jun 2023
Cash	3.85%	10.32%
Others Including Receivables	4.05%	6.69%
Oil & Gas Exploration	16.71%	19.90%
Cement	20.07%	14.51%
Commercial Banks	15.42%	13.74%
Automobile Assembler	10.42%	0.00%
Oil & Gas Marketing	8.58%	7.59%
Others	20.9%	27.3%
Total	100.00%	100.00%

Fund Performance

The total and net income of the Fund was Rs. 51.95 million and Rs. 47.01 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 111.4243 per unit as on June 30, 2024 as compared to Rs. 65.8671 per unit as on June 30, 2023, after incorporating dividend of Rs. 3.50 per unit, thereby giving a return of 74.48% during the year, against the benchmark return (KMI 30 Index) of 78.70%. The size of Fund was Rs. 0.13 billion as on June 30, 2024 as compared to Rs. 0.11 billion at the start of the year.

Market Review

In FY24, the benchmark KSE-100 index gained 36,992 points or 89.2% to reach at 78,445 level. IMF program euphoria, economic stability, political certainty, peaceful culmination of elections along with foreign inflows turned the sentiments positive. Strong results posted by corporates despite economic turbulence also supported the bullish momentum. To note, KSE-100 index has been the best performing market in FY24 by posting 94% USD based return.

The sectors that majorly contributed to the performance in FY24 were Banks (+13,262 pts), fertilizer (+5,074 pts), Oil and Gas Exploration (+4,300 pts) and Power (+4,192 pts). Whereas script wise major contribution came from HUBC (+3,282 pts), UBL (+2,719 pts), MEBL (+2,392 pts), EFERT (+1,998 pts) and BAHF (+1,945 pts).

The average daily volume and value of KSE All share index grew to 461M shares and PKR 15.6B from 192M shares and PKR 6.1B in the FY23. Foreigners were net buyers of USD 141M whereas on the local front Banks, individuals, mutual funds and others were net sellers of USD 141M, USD 60M, USD 47M and USD 33M respectively. Insurance and companies remained net buyer of 126M and 36M respectively.

After the drastic decline in inflation, interest rates cycle is now on a reverse trend. Policy rate after touching the all-time high of 22% has been reduced to 17.5%. Inflation readings in the coming months are estimated to be in single digits which will provide room for further cut in interest rates. Decline in interest rates, securing of 3 years EFF program, funding support from multilateral and bilateral, strong earnings outlook and weakening oil price outlook will keep the market momentum positive. Despite offering dividend yield of 11%+, market is trading at P/E of 4.0x vs historical average of 6.0x. We believe that market could re-rate from current levels; hence, we maintain bullish stance on equities. The risk to our stance is escalation in middle-east and possibility of any domestic political uncertainty.

Distribution

The Board of Directors approved distribution of up-to Rs. 3.50 to the unit holders for the year ended June 30, 2024.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Fund.

Breakdown of Unit Holding by Size

From – To (No. of units)	No. of Unit Holders	Total No. of Units Held
1 – 100	55	1,955
101 – 500	34	8,091
501 – 1,000	22	17,137
1,001 – 10,000	48	201,429
10,001 – 100,000	7	189,943
100,001 – 500,000	2	713,723
500,001 – 1,000,000	-	-
1,000,001 – 5,000,000	-	-
5,000,001 and above	-	-
Total	168	1,132,278

Unit Splits

There were no unit splits during the year.

Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

PERFORMANCE TABLE - HBL ISLAMIC EQUITY FUND

	2024	2023	2022	2021	2020	2019
Net assets at the period end(Rs'000)	126,163.22	107,097.73	145,938.56	624,585	228,586	265,464
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES						
Redemption	111.4243	65.8671	69.9797	105.0735	77.5699	76.7854
Offer	113.9425	67.3557	71.5612	107.4482	79.3230	78.5208
OFFER / REDEMPTION DURING THE PERIOD - RUPEES						
Highest offer price per unit	118.4855	75.1178	108.2545	111.7666	100.1572	98.3553
Lowest offer price per unit	69.888	62.952	70.9656	81.1602	61.1836	75.3913
Highest redemption price per unit	115.8669	73.4577	105.862	109.2965	97.9437	96.1816
Lowest redemption price per unit	68.3434	61.5607	69.3972	79.3665	59.8314	73.7251
RETURN (%)						
Total return	74.48%	-5.88%	-33.40%	35.46%	1.15%	-16.97%
Income distribution	5.31%	0.00%	0.00%	0.00%	0.10%	0.00%
Capital growth	69.17%	-5.88%	-33.40%	35.46%	1.05%	-16.97%
DISTRIBUTION						
Final dividend distribution- Cash	-	-	-	-	-	-
Date of Income Distribution	-	-	-	-	-	-
Final dividend distribution- Bonus	3.50	-	-	-	0.10	-
Date of Income Distribution	28-Jun-24	-	-	-	26-Jun-20	-
Total dividend distribution for the year/ period	3.50	-	-	-	0.10	-
AVERAGE RETURNS (%)						
Average annual return 1 year	74.48%	-5.88%	-33.40%	35.46%	1.15%	-16.97%
Average annual return 2 year	28.15%	-20.83%	-5.02%	17.05%	-8.36%	-14.68%
Average annual return 3 year	3.03%	-5.31%	-3.00%	4.39%	-9.70%	-3.24%
PORTFOLIO COMPOSITION - (%)						
Percentage of Net Assets as at 30 June:						
Bank Balances	3.85%	10.32%	9.10%	6.45%	4.22%	8.72%
GoP Ijarah Sukuks	-	-	-	-	-	-
Placement with Banks and DFIs	-	-	-	-	-	-
Corporate Sukuks	-	-	-	-	-	-
Stock / Equities	92.10%	82.99%	83.79%	88.99%	94.24%	87.76%
Others	4.05%	6.69%	7.11%	4.56%	1.54%	3.52%

Note:

The Launch date of the Fund is May 29, 2014

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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Karachi - 74400, Pakistan
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdc-pakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC EQUITY FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Equity Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 26, 2024





ASSET MANAGEMENT LTD.
ايسيت مينجمنت لميٲٲ

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Equity 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, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

HBL Asset Managment Limited
Head Office
7th Floor
Emerald Tower
G-19 Block-5,
Main Clifton Road,
Clifton, Karachi

UAN (021) 111-425-262
Fax (021) 35168455
www.hblasst.com

September 25, 2024



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, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL Islamic Equity Fund** managed by **HBL Asset Management Limited** are Permissible 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 نبيينا 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 unit holders of HBL Islamic Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HBL Islamic Equity Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, 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 (Management Company) 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.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investments</p> <p>As disclosed in note 6 to the financial statements, investments held at fair value through profit or loss (FVTPL) amounted to Rs.122.82 million as at June 30, 2024, consisting of investment in listed equity securities which is the main driver of the Fund's performance and risk exists on this balance.</p> <p>Due to the above reasons, we have identified the existence and valuation as key audit matters matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies; independently matched securities held by the Fund with the securities appearing in the CDC account statement;



Other Mater Paragraph

The annual financial statement of the Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants, whose audit report dated September 25, 2023, expressed an unmodified opinion respectively.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company 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 Management Company and Board of Directors of the Management Company for the Financial Statements

Management Company 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 Management Company 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, Management Company 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 Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Director of the Management Company 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.



- Conclude on the appropriateness of Management Company'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 the Management Company 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.

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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


Chartered Accountants

Place: Karachi

Date: September 27, 2024

UDIN: AR202410057JQbRk83UP

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	5	5,139	11,548
Investments	6	122,820	92,808
Dividend and profit receivable	7	773	667
Receivable against sale of investments - net		-	1,831
Deposits	8	2,600	2,600
Receivable from the Management Company	9	2,013	2,392
Total Assets		133,345	111,846
LIABILITIES			
Payable to the Management Company	10	291	486
Payable to the Trustee	11	25	18
Payable to Securities and Exchange Commission of Pakistan	12	10	24
Payable against sale of investments - net		2,178	-
Dividend payable		12	-
Accrued expenses and other liabilities	13	4,666	4,220
Total Liabilities		7,182	4,748
NET ASSETS		126,163	107,098
UNITHOLDERS' FUND (AS PER STATEMENT ATTACHED)		126,163	107,098
CONTINGENCIES AND COMMITMENTS			
	14	-----Number of units-----	
NUMBER OF UNITS IN ISSUE	15	1,132,278	1,625,967
		----- (Rupees) -----	
Net assets value per unit		111.4243	65.8671

The annexed notes from 1 to 29 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund

Income Statement

For the year ended June 30, 2024

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
INCOME			
Capital gain / (loss) on sale of investments - net		38,017	(10,883)
Dividend income		4,808	8,340
Profit on bank deposits		2,925	1,703
Unrealised gain / (loss) on re-measurement of investments at 'fair value through profit or loss' - net	6.1.3	6,202	(2,568)
		51,952	(3,408)
EXPENSES			
Remuneration of the Management Company	10.1	1,981	2,434
Sindh Sales Tax on remuneration of the Management Company	10.2	257	316
Allocated expenses	10.3	374	670
Selling and marketing expenses	10.4	315	1,279
Remuneration of the Trustee	11.1	193	244
Sindh Sales Tax on remuneration of the Trustee	11.2	25	31
Securities and Exchange Commission of Pakistan fee	12.1	91	24
Auditors' remuneration	16	412	273
Fee and subscription		31	149
Legal and professional charges		150	-
Brokerage and settlement charges		2,671	2,739
Bank charges		2	46
Printing Charges		193	68
Shariah advisory services		265	242
Reimbursement of expenses from Management Company		(2,013)	(2,392)
Total Expenses		4,947	6,123
Net income / (loss) for the year from operating activities before taxation		47,005	(9,531)
Taxation	17	-	-
Net income / (loss) for the year after taxation		47,005	(9,531)
Allocation of net income for the year			
Net income for the year after taxation		47,005	-
Income already paid on units redeemed		(28,029)	-
		18,976	-
Accounting income available for distribution			
Relating to capital gains		17,295	-
Excluding capital gains		1,681	-
		18,976	-
Earnings per unit	4.11		

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
Statement of Comprehensive Income
For the year ended June 30, 2024

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Net income / (loss) for the year after taxation	47,005	(9,531)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	47,005	(9,531)

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Equity Fund
Statement of Movement in Unitholder's Fund
For the year ended June 30, 2024

	June 30, 2024			June 30, 2023		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	426,613	(319,515)	107,098	455,923	(309,984)	145,939
Issuance of 3,607,028 units (2023: 1,765,967 units)						
Capital value (at net asset value per unit at the beginning of the year)	237,584	-	237,584	123,582	-	123,582
Element of income / (loss)	114,462	-	114,462	(1,158)	-	(1,158)
Total proceeds on issuance of units	352,046	-	352,046	122,424	-	122,424
Redemption of 4,100,717 units (2023: 2,225,441 units)						
Capital value (at net asset value per unit at the beginning of the year)	(270,102)	-	(270,102)	(155,736)	-	(155,736)
Income already paid on redemption of units		(28,029)	(28,029)		-	-
Element of income / (loss)	(78,004)	-	(78,004)	4,002	-	4,002
Total payments on redemption of units	(348,106)	(28,029)	(376,135)	(151,734)	-	(151,734)
Total comprehensive income / (loss) for the year	-	47,005	47,005	-	(9,531)	(9,531)
Refund of capital	-	(1,621)	(1,621)	-	-	-
	(2,230)	-	(2,230)			
	(2,230)	45,384	43,154	-	(9,531)	(9,531)
Net assets at end of the year	428,323	(302,160)	126,163	426,613	(319,515)	107,098
Undistributed loss brought forward						
Realised		(316,947)			(278,691)	
Unrealised		(2,568)			(31,293)	
		(319,515)			(309,984)	
Accounting income available for distribution						
Relating to capital gains		17,295			-	
Excluding capital gains		1,681			-	
		18,976			-	
Net loss for the year		-			(9,531)	
Distribution during the year		(1,621)			-	
Undistributed loss carried forward		(302,160)			(319,515)	
Undistributed loss carried forward						
Realised		(308,362)			(316,947)	
Unrealised		6,202			(2,568)	
		(302,160)			(319,515)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		65.8671			69.9797	
Net assets value per unit at end of the year		111.4243			65.8671	

The annexed notes from 1 to 29 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Note	June 30, 2024	June 30, 2023
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year before taxation	47,005	(9,531)
Adjustments for:		
Capital gain / (loss) on sale of investments - net	(38,017)	10,883
Dividend income	(4,808)	(8,340)
Profit on bank deposits	(2,925)	(1,703)
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss - net	(6,202)	2,568
	(4,947)	(6,123)
Decrease / (increase) in assets		
Investments - net	14,207	42,530
Receivable against sale of investments - net	1,831	-
Deposits	-	456
Receivable from the Management Company	379	(2,392)
	16,417	40,594
(Decrease) / increase in liabilities		
Payable to the Management Company	(195)	160
Payable to the Trustee	7	(10)
Payable to Securities and Exchange Commission of Pakistan	(14)	(43)
Payable against sale of investments - net	2,178	-
Accrued expenses and other liabilities	446	211
	2,422	318
Cash generated from operations	13,892	34,789
Dividend received	4,683	8,600
Profit received on bank deposits	2,944	1,952
	7,627	10,552
Net cash generated from operating activities	21,519	45,341
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units	349,816	122,424
Payment against redemption of units	(376,135)	(171,720)
Dividend paid	(1,609)	-
Net cash used in financing activities	(27,928)	(49,296)
Net decrease in cash and cash equivalents during the year	(6,409)	(3,955)
Cash and cash equivalents at beginning of the year	11,548	15,503
Cash and cash equivalents at end of the year	5,139	11,548

5

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** HBL Islamic Equity Fund ('the Fund') was established under a Trust Deed executed between PICIC Asset Management Limited (now, HBL Asset Management Limited) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/PISF/965/2014 dated April 23, 2014 and the Trust Deed was executed on February 20, 2014.
- 1.2** The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 24, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3** Effective from September 01, 2016, HBL Asset Management Limited became Management Company of the Fund which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund For Economic Development S.A (AKFED), is the parent company of Habib Bank Limited.
- 1.4** The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.5** The Fund has been categorised as a Shariah Compliant equity scheme as per the criteria laid down by the SECP for categorisation of Open-End Collective Investment Schemes (CIS) and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.6** The objective of HBL Islamic Equity Fund is to provide the maximum total return to the unit holders from investment in 'Shariah Compliant' equity investments for the given level of risk.
- 1.7** VIS Credit Rating Agency has assigned a management quality rating of 'AM1' (Stable outlook) to the Management Company as at December 29, 2023.
- 1.8** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the result of which from the basis of making the judgment about the funds values of assets and liabilities that are not readily apparent from other sources and 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 and 6)
- (b) Impairment of financial assets (Note 4.2.1.2)
- (c) Provisions (Note 4.3)
- (d) Taxation (Note 4.4 and 17)
- (e) Classification and measurement of financial liabilities (Note 4.2.2)
- (f) Contingencies and commitments (Note 14)

3. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New amendments that are effective for the year ended June 30, 2024

The following amendments are effective for the year ended June 30, 2024. 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.

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

3.2 New accounting standards and amendments and interpretations that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments and standards 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 IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 01, 2024
- Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

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

- IFRS 01 - First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

.4. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of banks balances and short-term highly liquid investments with original maturities of three months or less.

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.

4.2.1 Financial assets

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 fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to undistributed income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Dividends are recognised as income in the income statement when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

The Fund elected not to classify irrevocably any of the equity investments under this category on initial recognition.

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

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of assets and liabilities at fair value with net changes in fair value recognised in the the income statement.

Dividends on equity investments are recognised as income in the income statement when the right of payment has been established.

The Fund elected to classify all of the equity investments at fair value through profit or loss on initial recognition.

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 (OCI), 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 fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss 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.

Fair value measurement principles

The fair value of financial instruments is determined as follows:

4.2.1.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.3 Offsetting of financial assets and liabilities

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 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

4.5 Dividend distribution and appropriations

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

4.6 Issue and redemption of units

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

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

4.7 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.8 Net assets value per unit

The net assets value (NAV) per unit as 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.

4.9 Revenue recognition

- Realised capital gain / (loss) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Income / profit from investments in government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank deposits is recognised on a time apportionment basis using effective interest rate.
- Unrealised gain / (loss) arising on re-measurement of investments at 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

4.10 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and the SECP fee are recognised in the income statement on an accrual basis.

4.11 Earnings per unit

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

Note	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
5. BANK BALANCES		
Cash at bank		
In current accounts	5.1 10	10
In savings accounts	5.2 5,129	11,538
	5,139	11,548

5.1 These balances are held with Habib Bank Limited, a related party

5.2 These carry profit at the rate ranging from 18.50% to 19.30% per annum (2023: 14.5% to 19.75% per annum). These includes an amount held in Habib Bank Limited (a related party) amounting to Rs. 0.196 million (2023: Rs. 2.03 million) which carry profit at rates 18.50% per annum (2023: 14.5% per annum).

June 30, June 30,
2024 2023
Note ----- (Rupees in '000) -----

6. INVESTMENTS

Financial assets at fair value through profit or loss

Listed equity securities 6.1 122,820 92,808

6.1 Listed equity securities

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

Name of investee companies	Number of shares			As at June 30, 2024			Market value as a percentage of total investments	Market value as a percentage of net assets	Par value as a percentage of issued capital of the investee company	
	As at July 01, 2023	Purchases during the year	Sales during the year	As at June 30, 2024	Carrying value	Market value				Unrealised gain / (loss)
-----Rupees in 000----- -----%-----										
CEMENT										
Cherat Cement Company Limited	35,000	95,000	130,000	-	-	-	-	-	-	
D G Khan Cement Company Limited	-	458,000	344,500	113,500	10,217	10,246	29	8.34	8.12	
Fauji Cement Company Limited (6.1.1)	-	428,000	245,500	182,500	3,877	4,181	304	3.40	3.31	
Lucky Cement Limited	2,288	20,092	21,080	1,300	1,179	1,179	-	0.96	0.93	
Maple Leaf Cement Factory Limited (6.1.1)	382,000	1,029,077	1,377,077	34,000	1,216	1,292	76	1.05	1.02	
Pioneer Cement Limited	-	166,000	107,500	58,500	9,453	9,866	413	8.03	7.82	
	419,288	2,196,169	2,225,657	389,800	25,942	26,764	822	21.79	21.21	0.06
POWER GENERATION AND DISTRIBUTION										
Hub Power Company Limited (6.1.1)	99,000	326,500	355,500	70,000	9,325	11,416	2,091	9.29	9.05	
Nishat Chunian Power Limited	-	467,500	467,500	-	-	-	-	-	-	
Nishat Power Limited	-	162,000	162,000	-	-	-	-	-	-	
	99,000	956,000	985,000	70,000	9,325	11,416	2,091	9.29	9.05	0.01
ENGINEERING										
International Steels Limited	-	40,482	40,482	-	-	-	-	-	-	
Mughal Iron and Steel Industries Limited	33,320	111,500	144,820	-	-	-	-	-	-	
	33,320	151,982	185,302	-	-	-	-	-	-	
PHARMACEUTICALS										
The Searle Company Limited	1,985	-	-	1,985	76	113	37	0.09	0.09	
	1,985	-	-	1,985	76	113	37	0.09	0.09	0.00
PAPER AND BOARD										
Century Paper and Board Mills Limited	-	78,000	78,000	-	-	-	-	-	-	
	-	78,000	78,000	-	-	-	-	-	-	
OIL AND GAS EXPLORATION COMPANIES										
Mari Petroleum Company Limited	145	-	-	145	221	391	170	0.32	0.31	
Oil and Gas Development Company Limited (6.1.1)	141,500	461,600	520,600	82,500	10,453	11,168	715	9.09	8.85	
Pakistan Petroleum Limited (6.1.1)	186,000	664,500	759,000	91,500	10,526	10,716	190	8.72	8.49	
	327,645	1,126,100	1,279,600	174,145	21,200	22,275	1,075	18.14	17.66	0.01
OIL AND GAS MARKETING COMPANIES										
Pakistan State Oil Company Limited (6.1.1)	38,849	346,368	349,968	35,249	6,038	5,859	(179)	4.77	4.64	
Shell Pakistan Limited	-	37,000	37,000	-	-	-	-	-	-	
Sui Northern Gas Pipeline Limited	106,000	954,605	972,605	88,000	6,076	5,585	(491)	4.55	4.43	
	144,849	1,337,973	1,359,573	123,249	12,114	11,444	(670)	9.32	9.07	0.02
REFINERY										
Attock Refinery Limited (6.1.1)	-	164,100	160,600	3,500	1,327	1,231	(96)	1.00	0.98	
National Refinery Limited (6.1.1)	-	150,700	146,200	4,500	1,211	1,195	(16)	0.97	0.95	
	-	314,800	306,800	8,000	2,538	2,426	(112)	1.98	1.92	0.01
COMMERCIAL BANKS										
BankIslami Pakistan Limited	865,000	1,519,980	2,251,980	133,000	3,011	2,961	(50)	2.41	2.35	
Faysal Bank Limited	-	263,000	263,000	-	-	-	-	-	-	
Meezan Bank Limited (6.1.1)	-	346,902	273,402	73,500	16,590	17,595	1,005	14.33	13.95	
	865,000	2,129,882	2,788,382	206,500	19,601	20,556	955	16.74	16.29	0.02
FERTILIZER										
Engro Corporation Limited	-	19,834	19,834	-	-	-	-	-	-	
Engro Fertilizers Limited (6.1.1)	125,000	158,000	244,300	38,700	5,256	6,433	1,177	5.24	5.10	
Fauji Fertilizer Bin Qasim Limited	-	17,000	17,000	-	-	-	-	-	-	
	125,000	194,834	281,134	38,700	5,256	6,433	1,177	5.24	5.10	0.00

These bonus shares include the following shares:

	As at June 30, 2024	As at June 30, 2023	As at June 30, 2024	As at June 30, 2023
	Number of shares withheld		-----Rs in '000-----	
The Searle Company Limited	1,985	1,985	113	76
Mari Petroleum Company Limited	145	145	393	220
Pakistan State Oil Company Limited Systems Limited	749	749	124	83
	6,898	6,898	2,885	2,782
	9,777	9,777	3,515	3,161

During 2018, the Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the previous year.

In 2019, the CISs had have filed a fresh constitutional petition via CP4653 dated July 11, 2019. In this regard, on July 15, 2019, the High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in mean time. The matter is still pending and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitution petition will be in favour of the CISs.

Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of the Income Tax Ordinance (the Ordinance), 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold 5% of the bonus shares to be issued. Accordingly, post July 01, 2018 shares are not being withheld at the time of bonus issue.

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
6.1.3 Net unrealised loss on re-measurement of investments at 'fair value through profit or loss'		
Market value of investments	122,820	92,808
Less: Carrying value of investments	(116,618)	(95,376)
	6,202	(2,568)
7. DIVIDEND AND PROFIT RECEIVABLE		
Dividend receivable	707	582
Profit receivable on savings accounts	66	85
	773	667
8. DEPOSITS		
Security deposit with:		
National Clearing Company of Pakistan Limited	2,500	2,500
Central Depository Company of Pakistan Limited	100	100
	2,600	2,600
9. RECEIVABLE FROM THE MANAGEMENT COMPANY		
	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Note		
9.1	2,013	2,392

9.1 As per SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the total expense ratio (TER) in respect of each CIS to ensure the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each Quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in Regulation 60(5) of the NBFC Regulations.

During the year ended June 30, 2024, the Fund was in breach of the TER ratio of maximum 4.5% as prescribed under NBFC Regulations for a CIS categorised as equity scheme. As a result the Fund has recorded receivable from Management Company to comply with the TER requirement.

	Note	June 30, 2024	June 30, 2023
----- (Rupees in '000) -----			
10. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	10.1	219	160
Sindh Sales Tax payable on Management Company's remuneration	10.2	28	21
Allocated expenses	10.3	-	44
Selling and marketing expenses payable	10.4	-	261
Sales load payable		44	-
		291	486

10.1 As per the amendment in Regulation 61 of the NBFC Regulations, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the offering document is 3% per annum of average annual net assets. During the year, the fee is being charged at the rate of 2% of the average annual net assets. The fee is payable monthly in arrears.

10.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.

10.3 As per Regulation 60(3) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the year, the fee is being charged at the rate of 0.55% of the average annual net assets.

10.4 As per Regulation 60(3) of the NBFC Regulations, selling and marketing expense maybe charged for all categories of funds, except fund of funds. During the year, management has not charged selling and marketing fee.

	Note	June 30, 2024	June 30, 2023
----- (Rupees in '000) -----			
11. PAYABLE TO THE TRUSTEE			
Trustee fee payable	11.1	22	16
Sindh Sales Tax payable on Trustee Fee	11.2	3	2
		25	18

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund. The fee is paid to the Trustee on monthly basis in arrears.

Based on the Trust deed, Trustee fee has been charged based on the following tariff structure applicable to the Fund:

Average Net asset Value	Tariff per annum
Upto Rs. 1 billion	0.20% per annum of net assets
Over Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets value exceeding Rs. 1,000 million

- 11.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (2023: 13%) on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011.

	Note	June 30, 2024	June 30, 2023
----- (Rupees in '000) -----			
12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
SECP fee payable	12.1	<u>10</u>	<u>24</u>

- 12.1** "In accordance with the Regulation 62 of NBFC Regulations 2008, a Collective Investment Scheme (CIS) was required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis.

Effective as of July 01, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.095% and introduced a shift in payment frequency, from annual to monthly basis."

	Note	June 30, 2024	June 30, 2023
----- (Rupees in '000) -----			
13. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty (FED)	13.1	3,268	3,268
Donation payable		265	607
Withholding tax payable		486	45
Auditors' remuneration		229	110
Brokerage payable		155	156
Legal advisory fee payable		150	-
Others		113	34
		<u>4,666</u>	<u>4,220</u>

- 13.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

However, since the appeal filed by the tax authorities is pending in the Supreme Court of Pakistan, the Management Company, being prudent has retained a provision for FED on remuneration of Management Company, aggregating to Rs. 3.268 million (2023: Rs. 3.268 million). Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2024 would have been higher by Rs. 2.887 per unit (2023: Rs. 2.01 per unit).

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 and June 30, 2023.

15. NUMBER OF UNITS IN ISSUE

	June 30, 2024	June 30, 2023
	-----Number of units '-----	
Total units in issue at the beginning of the year	1,625,967	2,085,441
Add: Units issued during the year	3,607,028	1,765,967
Less: Units redeemed during the year	(4,100,717)	(2,225,441)
Total units in issue at the end of the year	<u>1,132,278</u>	<u>1,625,967</u>
	----- (Rupees in '000) -----	

16. AUDITORS' REMUNERATION

Annual audit fee	193	156
Fee for half yearly review	83	69
Other certifications	25	-
Out of pocket expenses	80	28
	<u>381</u>	<u>253</u>
Sales tax	31	20
	<u>412</u>	<u>273</u>

17. TAXATION

"The Fund's income is exempt from income tax as per Clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by accumulated losses and capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash.

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the income available for distribution by the Fund to the unit holders in cash in the manner as explained above accordingly, no provision for taxation has been made in these financial statements."

18. TOTAL EXPENSE RATIO

The total annualised expense ratio (TER) of the Fund based on the current year results is 5.14% (2023: 5.03%) which includes 0.64% (2023: 0.53%) representing government Levies and the SECP Fee. Therefore TER excluding Government levies and SECP fee is 4.50%. The prescribed limit for the ratio excluding government levies is 4.50% (2023: 4.50%) under the NBFC Regulations for a collective investment scheme categorised as an 'Equity scheme'.

19. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include HBL Asset Management Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other Collective Investment Schemes (CIS) and pension schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

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

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

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

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

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	

19.1 Details of transactions with related parties / connected persons during the year:

HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	1,981	2,434
Sindh Sales Tax on remuneration of the Management Company	257	316
Allocated expenses	374	670
Selling and marketing expenses	315	1,279
Issue of 438,064 units (2023: Nil)	40,000	-
Dividend reinvested 12,765 units	1,422	-

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	193	244
Sindh Sales Tax on remuneration of the Trustee	25	31
CDS charges	64	66
Habib Bank Limited - Sponsor		
Profit on Bank Deposits	180	84
Bank charges	-	32
	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
Director and Executives of the Management Company		
Issue of 47,851 units (2023: 64,728 units)	4,205	4,503
Redemption of 48,307 units (2023: 152,369 units)	4,393	10,330
DCCL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Issue of Nil (2023: 154,558 units)	-	10,000
Redemption of 158,559 units (2023: Nil)	10,847	-
DCCL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Fund - Fund under common management		
Issue of Nil (2023: 292 units)	-	19
Redemption of 292 units (2023: Nil)	25	-
19.2	Details of balances with related parties / connected persons as at year end:	
HBL Asset Management Limited - Management Company		
Remuneration payable to the Management Company	219	160
Sindh Sales Tax payable on Management Company's remuneration	28	21
Allocated expenses	-	44
Sales load payable	44	-
Selling and marketing expenses	-	261
Units held: 450,829 units (2023: Nil)	50,233	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	22	16
Sindh Sales Tax on remuneration of the Trustee	3	2
Security deposit held	100	100
Habib Bank Limited - Sponsor		
Bank balances	187	2,029
Director and Executives of the Management Company		
Units held: 7,478 units (2023: 7,727)	833	847
DCCL Trustee HBL Islamic Financial Planning Fund		
Active Allocation Plan - Fund under common management		
Units held: Nil (2023: 154,588)	-	10,000

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
DCCL Trustee HBL Islamic Financial Planning Fund		
Conservative Allocation Plan - Fund under common management		
Units held: Nil (2023: 292 units)	-	20
Munira Amir Vasi - Connected Person due to holding more than 10% units:		
Units held: Nil (2023: 531,947)	-	35,038
Muhammad Arshad- Connected Person due to holding more than 10% units:		
Units held: Nil (2023: 316,745)	-	23,020

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

- As per the requirements of IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following
 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
 - Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
 - Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

Particulars	As at June 30, 2024						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000'						
Financial assets measured at fair value							
Listed equity securities	122,820	-	122,820	122,820	-	-	122,820
Financial assets not measured at fair value							
Bank balances	-	5,139	5,139				
Dividend and profit receivable	-	773	773				
Deposits	-	2,600	2,600				
	-	8,512	8,512				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	263	263				
Payable to the Trustee	-	22	22				
Payable against sale of investments - net	-	2,178	2,178				
Dividend payable	-	12	12				
Accrued expenses and other liabilities	-	630	630				
	-	3,105	3,105				

Particulars	As at June 30, 2023						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000'						
Financial assets measured at fair value							
Listed equity securities	92,808	-	92,808	92,808	-	-	92,808
Financial assets not measured at fair value							
Bank balances	-	11,548	11,548				
Dividend and profit receivable	-	667	667				
Receivable against sale of investments - net	-	1,831	1,831				
Deposits	-	2,600	2,600				
	-	16,646	16,646				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	465	465				
Payable to the Trustee	-	16	16				
Accrued expenses and other liabilities	-	292	292				
	-	773	773				

21. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management 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 Fund primarily invests in a portfolio of Shariah Compliant equity securities. These activities are exposed to a variety of financial risks: market risks, credit risks and liquidity risks.

21.1 Market risk

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

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other 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 because 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 Profit rate risk

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

a) Cash flow profit rate risk

The Fund is exposed to cash flow profit rate risk for balances in certain savings account, the profit rates on which ranging between 18.50% to 19.30% per annum.

In case of 100 basis points increase / (decrease) in profit rates on June 30, 2024 with all other variable held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.030 million (2023: Rs. 0.017 million)

b) Fair value interest rate risk

The Fund currently does not have any fixed rate instruments and therefore, it is not exposed to fair value profit rate risk.

Since the Fund currently does not have any fixed rate instruments that are impacted by market profit rates, therefore, it is not exposed to fair value profit rate risk. Yield / profit rate sensitivity position for financial instrument is as follows:

Particulars	As at June 30, 2024					Total
	Effective yield / profit rate	Exposed to yield / interest rate risk			Not exposed to yield / profit rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Bank balances	18.50 - 19.30	5,129	-	-	10	5,139
Investments listed equity securities		-	-	-	122,820	122,820
Dividend and profit receivable		-	-	-	773	773
Deposits		-	-	-	2,600	2,600
Sub total		5,129	-	-	126,203	131,332
Financial liabilities						
Payable to the Management Company		-	-	-	263.00	263
Payable to the Trustee		-	-	-	22	22
Payable against sale of investments - net		-	-	-	2,178	2,178
Dividend payable		-	-	-	12	12
Accrued expenses and other liabilities		-	-	-	630	630
Sub total		-	-	-	3,105	3,105
On-balance sheet gap		5,129	-	-	123,098	128,227
Total profit rate sensitivity gap		5,129	-	-		
Cumulative interest rate sensitivity gap		5,129	-	-		

Particulars	As at June 30, 2023					Total
	Effective yield / profit rate	Exposed to yield / interest rate risk			Not exposed to yield / profit rate risk	
		Upto three months	More than three months and upto one year	More than one year		
----- Rupees in '000 -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	14.5 - 19.75	11,538	-	-	10	11,548
Investments listed equity securities		-	-	-	92,808	92,808
Dividend and profit receivable		-	-	-	667	667
Receivable against sale of investments - net		-	-	-	1,831	1,831
Deposits		-	-	-	2,600	2,600
Sub total		11,538	-	-	97,916	109,454
Financial liabilities						
Payable to the Management Company		-	-	-	465	465
Payable to the Trustee		-	-	-	16	16
Accrued expenses and other liabilities		-	-	-	292	292
Sub total		-	-	-	773	773
On-balance sheet gap		11,538	-	-	97,143	108,681
Total profit rate sensitivity gap		11,538	-	-		
Cumulative interest rate sensitivity gap		11,538	-	-		

21.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified as financial assets at 'fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document and NBFC Regulations also limit investment in individual equity securities to no more than 15% of net assets of the Fund, or issued capital of the investee company respectively.

In case of 5% increase / decrease in price of all shares held by Fund at the year end, net income for the year would increase / decrease by Rs. 6.141 million (2023: Rs. 4.640 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 index.

21.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances and credit exposure arising as a result of dividend receivable on equity securities and receivable from management company.

Management of credit risk

For banks, the Fund keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protections. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. 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 the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2024		June 30, 2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Bank balances	5,139	5,139	11,548	11,548
Investments	122,820	-	92,808	-
Dividend and profit receivable	773	773	667	667
Receivable against sale of investments - net	-	-	1,831	1,831
Deposits	2,600	2,600	2,600	2,600
	131,332	8,512	109,454	16,646

21.2.1 The analysis below summarises the credit quality of the Fund's bank balances as at June 30, 2024 and June 30, 2023:

Bank	Balances held by the Fund as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
(Rupees in '000')			

Bank balances by rating category

MCB Bank Limited	1	A-1+	PACRA
Habib Bank Limited	196	A-1+	VIS
Bank Islami Pakistan Limited	4,203	A-1	PACRA
AlBaraka Bank Limited	739	A-1	VIS
	5,139		

Bank	Balances held by the Fund as at June 30, 2023	Latest available published rating as at June 30, 2023	Rating agency
(Rupees in '000')			

Bank balances by rating category

MCB Bank Limited	1	A-1+	PACRA
Habib Bank Limited	2,029	A-1+	VIS
Bank Islami Pakistan Limited	9,236	A-1	PACRA
AlBaraka Bank Limited	282	A-1	VIS
	11,548		

21.2.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

	June 30, 2024	June 30, 2023
	----- (Percentage) -----	
Rating by rating category		
A-1+	3.83	17.51
A-1	96.17	82.49

Concentration of credit risk

Concentration of credit risk exists when change in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's concentration risk is mainly bank balances while the remaining transactions are entered into with diverse counterparties thereby mitigating any significant concentration of credit risk to counterparties other than the Government.

21.3 Liquidity risk

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

The Fund is exposed to daily cash redemptions, if any, at the option of the unitholders. 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 realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to 15% of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current year no borrowings were made by the Fund (2022: None).

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instance were witnessed by the Fund during the current year.

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

As at June 30, 2024						
Within 1 month	Over three months and up to one year	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total

Rupees in '000

Financial assets

Investments

Listed equity securities	122,820	-	-	-	-	122,820
Bank balances	5,139	-	-	-	-	5,139
Dividend and profit receivable	773	-	-	-	-	773
Deposits	2,600	-	-	-	-	2,600
Sub total	131,332	-	-	-	-	131,332

Financial liabilities

Payable to the Management Company	263	-	-	-	-	263
Payable to the Trustee	22	-	-	-	-	22
Payable against sale of investments - net	2,178	-	-	-	-	2,178
Dividend payable	12	-	-	-	-	12
Accrued expenses and other liabilities	630	-	-	-	-	630
Sub total	3,105	-	-	-	-	3,105

On-balance sheet gap

128,227 - - - - - 128,227

Total liquidity risk sensitivity gap

128,227 - - - - - 128,227

Cumulative liquidity risk sensitivity gap

128,227 - - - - - 128,227

As at June 30, 2023						
Within 1 month	Over three months and up to one year	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total

Rupees in '000

Financial assets

Investments

Listed equity securities	92,808	-	-	-	-	92,808
Bank balances	11,548	-	-	-	-	11,548
Dividend and profit receivable	667	-	-	-	-	667
Receivable against sale of investments - net	1,831	-	-	-	-	1,831
Deposits	2,600	-	-	-	-	2,600
	109,454	-	-	-	-	109,454

Financial liabilities

Payable to the Management Company	465	-	-	-	-	465
Payable to the Trustee	16	-	-	-	-	16
Accrued expenses and other liabilities	292	-	-	-	-	292
Sub total	773	-	-	-	-	773

On-balance sheet gap

108,681 - - - - - 108,681

Total liquidity risk sensitivity gap

108,681 - - - - - 108,681

Cumulative liquidity risk sensitivity gap

108,681 - - - - - 108,681

22. UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

23. LIST OF TOP TEN BROKERS / DEALERS

Top ten brokers during the year ended June 30, 2024

1. Intermarket Securities Limited
2. Optimus Capital Management (Private) Limited
3. JS Global Capital Limited
4. DJM Securities Limited
5. Topline Securities (Private) Limited
6. Next Capital Limited
7. EFG Hermes Pakistan Limited
8. Arif Habib Limited
9. KTrade Securities Limited (formerly Khadim Ali Shah Bukhari Securities Limited)
10. Ismail Iqbal Securities (Private) Limited

Top ten brokers during the year ended June 30, 2023

1. Ismail Iqbal Securities (Private) Limited
2. DJM Securities Limited
3. Habib Metropolitan Financial Services Limited
4. EFG Hermes Pakistan Limited
5. AL Falah CLSA Securities (Private) Limited
6. Sherman Securities (Private) Limited
7. Taurus Securities Limited
8. Shajar Capital Pakistan (Private) Limited
9. WE Financial Services Limited
10. Spectrum Securities (Private) Limited

26. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Six meetings of the Board of Directors were held on August 25, 2023, October 20, 2023, October 02, 2023, January 25, 2024, February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave Granted	
1	Mr. Shahid Ghaffar	6	6	-	-
2	Ms. Ava A. Cowasjee	6	6	-	-
3	Mr. Rayomond H. Kotwal	6	5	1	October 27,2023.
4	Mr. Abrar Ahmed Mir	6	6	-	-
5	Mr. Tariq Masaud	6	6	-	-
6	Mr. Abid Sattar	6	6	-	-
7	Mr. Khalid Malik	6	6	-	-

27. CORRESPONDING FIGURES

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

28. GENERAL

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

29. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

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

 Chief Financial Officer

 Chief Executive Officer

 Director



HBL LiveStock Fund

FUND INFORMATION

NAME OF FUND	HBL LIVESTOCK FUND
NAME OF TRUSTEE	Digital Custodian Company Limited
NAME OF AUDITOR	BDO Ebrahim & Co. Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Habib Bank Limited Bank Al Baraka Limited



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REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

HBL LIVESTOCK FUND

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

HBL Livestock Fund, a closed-end Shariah Compliant Livestock scheme established under a Trust Deed dated November 29th, 2022 executed between HBL Asset Management Company Limited, as the Management Company and Digital Custodian Company Limited, as the Trustee. The Fund commenced its operations from April 14, 2023.

1. HBL Asset Management Company Limited, the Management Company of HBL Livestock Fund has, in all material respects, managed HBL Livestock Fund during the year ended June 30, 2024 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement.
2. Statement on the shortcoming(s) that may have impact on the decision of the existing or the potential unit holders remaining or investing in the Collective Investment Scheme; and

Statement

No short coming has been addressed during the year ended June 30, 2024.

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3. Disclosure of the steps taken to address the shortcoming(s) or to prevent the recurrence of the shortcoming(s).

Disclosure of the steps

We have critically examine the fund in accordance with circular, directives, NBFC Regulations 2008 and its constitutive documents. However, no shortcoming has been addressed.

4. Trustee's opinion regarding the calculation of the management fee, CIS Monthly Fee Payable to the Commission and other expenses in accordance with the applicable regulatory framework.

Trustee Opinion

“The Management fee, CIS monthly fee payable to the Commission and other expenses has been accurately calculated in accordance with the NBFC Regulations, 2008 and its constitutive documents”.

Dabeer Khan
Manager Compliance
Digital Custodian Company Limited

Karachi: September 26, 2024

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STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Livestock 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, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

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

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September 26, 2024



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, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in HBL Live Stock Fund (HBL-LSF) managed by HBL Asset Management Company Limited are halal and in accordance with Shariah principles.

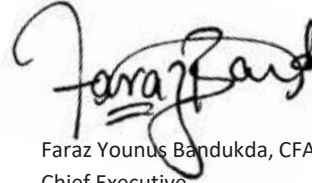
May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

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



FINANCIAL STATEMENTS
OF
HBL LIVESTOCK FUND
FOR THE PERIOD ENDED JUNE 30, 2024

MANAGED BY HBL ASSET MANAGEMENT LIMITED

BDO Ebrahim & Co. Chartered Accountants

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



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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HBL LIVESTOCK FUND

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HBL Livestock Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, and its financial performance and its cash flows for the period 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the 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

The Management Company ("HBL Asset Management Limited") 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 the Management Company and its Board of Directors

The Management Company ("HBL Asset Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company 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, the Management Company 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 the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Page - 1

BDO Ebrahim & Co. Chartered Accountants

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The Board of Directors of the Management company is 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company'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 the Board of Directors of the Management Company 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 the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 27 SEP 2024

UDIN: AR202410166V0sQUW3cq

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INDEPENDENT ASSURANCE REPORT TO THE UNITHOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Scope of our Work

We have performed an independent assurance engagement of HBL Livestock Fund (the Fund), to express an opinion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the period ended June 30, 2024. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

Applicable Criteria

The criteria for the assurance engagement against which the underlying statement (the subject matter) is assessed comprises of compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor (criteria). Therefore, the underlying subject matter may not be suitable for another purpose. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

Management Company's responsibility

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

Our Independence and Quality Control

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firms apply International Standard on Quality Management (ISQM) 1 "Quality Management for Firms That Perform Audits and Reviews of Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of independent assurance providers

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor and is free from material misstatement.

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



The procedures performed included:

- Checking compliance of specified guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund; and
- Checking that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the period ended June 30, 2024 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for the period ended June 30, 2024.

KARACHI

DATED: SEPTEMBER 27, 2024


BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

HBL LiveStock Fund
Statement of Assets and Liabilities
As at June 30, 2024

	2024	2023
Note	----- (Rupees in '000) -----	
ASSETS		
Balances with banks	5	12,832
Investments	6	50,000
Formation cost	7	1,101
Advances, deposits and prepayments	8	4,362
Other receivable	9	28,204
TOTAL ASSETS	-	96,498
LIABILITIES		
Payable to the Management Company	10	635
Payable to the Trustee	11	159
Payable to Securities and Exchange Commission of Pakistan	12	4
Other liabilities	13	2082
TOTAL LIABILITIES	-	2,880
NET ASSETS	-	93,618
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	-	93,618
CONTINGENCIES AND COMMITMENTS		
-----Number of units-----		
Number of units in issue	15	90,000
-----Rupees-----		
Net assets value per unit	-	1040.1980

The annexed notes from 1 to 30 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

	Note	For the period from July 01,2023 to February 14,2024	For the period from April 14,2023 to June 30,2023
		----- (Rupees in '000) -----	
Income			
Gain / (loss) on sale of biological assets	15	29,252	(7,551)
Profit on bank deposits		2,234	763
		<u>31,486</u>	<u>(6,788)</u>
Unrealised gain arising from change in the fair value of biological asset	6.1	-	16,070
		<u>31,486</u>	<u>9,282</u>
Expenses			
Remuneration of the Management Company	10.1	1,658	562
Sindh Sales Tax on remuneration of the Management Company	10.2	216	73
Remuneration of the Trustee	11.2	466	141
Sindh Sales Tax on remuneration of the Trustee	11.3	62	18
Annual fee to Securities and Exchange Commission of Pakistan	12.1	12	4
Formation cost		1,087	351
Auditors' remuneration	17	182	356
Insurance fee		1,005	846
Shariah advisory services		54	56
Bank charges		-	7
Travelling expense		1,659	-
Printing expense		80	-
Testing and inspection cost		809	213
Livestock manager fee		1,896	975
Other expense of trustee		-	111
Livestock overheads		3,792	1,950
		<u>12,979</u>	<u>5,663</u>
Net income for the period before taxation		<u>18,508</u>	<u>3,618</u>
Taxation	18	-	-
Net income for the period after taxation		<u>18,508</u>	<u>3,618</u>
Allocation of net income for the period			
Income already paid on redemption of units		18,508	-
Accounting income available for distribution:			
Relating to capital gains		-	-
Excluding capital gains		-	3,618
		<u>-</u>	<u>3,618</u>
		<u>18,508</u>	<u>3,618</u>
Earnings per unit	19		

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

 Chief Financial Officer

 Chief Executive Officer

 Director

HBL LiveStock Fund
Statement of Comprehensive Income
 FOR THE YEAR ENDED JUNE 30, 2024

	2024	For the Period from April 14, 2023 to June 30, 2023
	----- (Rupees in '000) -----	
Net income for the year / period after taxation	18,508	3,618
Other comprehensive income	-	-
Total comprehensive income for the year	18,508	3,618

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

		For the period from July 01,2023 to February	For the period from April 14,2023 to June 30,2023
	Note	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		18,508	3,618
Adjustments for:			
Capital gain on sale of biological assets		(29,252)	(10,487)
Profit on bank deposits		(2,234)	(763)
Formation cost		-	351
		<u>(12,978)</u>	<u>(7,281)</u>
Decrease / (increase) in assets			
Biological assets - net	6	79,251	(39,513)
Formation cost	7	1,101	(1,452)
Advances, deposits and prepayments	8	4,362	(4,362)
Other receivables	9	28,205	(28,000)
		112,919	(73,326)
(Decrease) / increase in liabilities			
Payable to the Management Company	10	(635)	635
Payable to the Trustee	11	(159)	159
Payable to Securities and Exchange Commission of Pakistan	12	(4)	4
Other liabilities	13	(2,082)	2,082
		<u>(2,880)</u>	<u>2,880</u>
Cash generated from / (use in) operations		97,061	(77,728)
Profit received on bank deposits		2,234	559
Net cash flows generated from / (used in) operating activities		<u>99,295</u>	<u>(77,169)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		-	90,000
Payments against redemption of units		(112,126)	-
Net cash (used in) / generated from financing activities		<u>(112,126)</u>	<u>90,000</u>
Net (decrease) / increase in cash and cash equivalents during the period		(12,831)	12,831
Cash and cash equivalents at beginning of the period		12,831	-
Cash and cash equivalents at end of the period	5	-	12,831

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

 Chief Financial Officer

 Chief Executive Officer

 Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The HBL Livestock Fund (the Fund) was established through a Trust Deed (the Deed) dated November 29, 2022 under the Sindh Trust Act, 2020 (the Trust) between HBL Asset Management Limited, the Management Company, and Digital Custodian Company Limited (DCCL) the Trustee. The fund was approved by the Securities and Exchanges Commission of Pakistan (SECP) vide letter no. SCD/AMCW/HBLLSF/159/2022 dated December 20, 2022.

1.2 The Fund has been categorised as a Shariah Compliant Lifestock scheme. This scheme being a specialized trust as defined under section 2(u-i) of the Sindh Trusts Act, 2020, as amended vide Sindh Trusts (Amendment) Act, 2021. The Securities Exchange Commission of Pakistan has approved the fund for Sandbox testing under 3rd COHORT till 31st December 2024 or till the time the regulatory framework is in place, whichever is earlier as a Livestock Collective Investment Scheme (CIS). It is not listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription at the start of the fund. The units are only transferable at the time of maturity.

1.3 The investment objective of HBL Livestock Fund is to provide shariah compliant returns to its investors by investing in cattle for fattening, overheads and expenses related to this activity within the maturity period

1.4 There has been a reclassification of investment (IFRS- 9 – Financial Instrument) to Investment in Biological Assets (IAS 41 – Biological Assets) on account of prior period presentation. There is no financial impact due to the reclassification therefore, the revised presentation has no affect on reported number of prior period and accordingly prior period financials have not been restated.

1.5 VIS Credit Rating company has assigned a management quality rating of 'AM1' (Positive outlook) to the HBL Asset Management Company Limited as at December 29, 2023 while the fund is currently not rated.

1.6 Title to the assets of the Fund is held in the name of Digital Custodian Company Limited as trustee of the Fund.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

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

Where the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules and the NBFC Regulations and trust deed shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional currency.

2.4 Use of judgments and estimates

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

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

Valuation of Biological assets

For details please refer notes 4.3 to these financial statements.

Impairment of financial assets

For details please refer note 4.2.1.2 to these financial statements.

3 APPLICATION OF NEW STANDARDS, AMENDSMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	"Effective date (annual periods beginning on or after)"
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	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' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Management Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

3.2 New accounting standards, amendments and interpretations that are not yet effective

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

	"Effective date (annual periods beginning on or after)"
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	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' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)	

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP

4 MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

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.

4.2.1 Financial assets

4.2.1.1 Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified and measured at: amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model on which a financial asset is managed and its contractual cash flow characteristics.

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

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

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.

4.2.1.2 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

4.2.1.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.3 Offsetting of financial assets and liabilities

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 Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell. A gain or loss arising on initial recognition of biological asset at fair value less cost to sell and from change in fair value less cost to sell of biological asset shall be included in profit or loss for the period in which it arise. Cost to sell are the incremental costs directly attributable to the disposal of asset. The fair value of livestock is based on the market price of livestock of similar age, breed and genetic merit.

The fund recognizes a biological asset, when it controls the asset as a result of past events, and it is probable that further economic benefits associated with the asset will flow to the Fund, and the fair value of the asset can be measured reliably.

4.4 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

4.5 Net assets value per unit

The net assets value (NAV) per unit as 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 period end.

4.6 Revenue recognition

- Profit on bank deposits is recognised on a time apportionment basis using effective interest rate.
- Unrealised appreciation / (diminution) 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 period in which they arise.

4.7 Transactions with related parties / connected persons

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

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

5	BALANCES WITH BANKS	Note	2024	2023
			----- Rupees in '000 -----	
	In savings accounts	5.1	-	12,832
			-	12,832

5.1. These carry profit at NIL (2023: 6.5% to 2.1%)

5.2. This includes an amount of NIL (2023: Rs 0.128 million) held with a related party, Habib Bank limited.

6 BIOLOGICAL ASSETS

Biological assets - Live stock				
Livestock	6.1	-	50,000	
		-	50,000	

6.1 Biological assets

	2024	2023	2024	2023
	-----Quantity-----		-----Rs-----	
Carrying amount at the beginning of the period	439	-	50,000	-
Additions during the period	874	650	70,216	53,422
Sales / disposal during the period	(1,313)	(211)	(120,216)	(19,492)
Unrealized gain arising from change in the fair value	-	-	-	16,070
Fair value less cost to sale at the end of the year	-	439	-	50,000
Market value as a percentage of net assets	-	-	0%	36%
Market value as percentage of total Biological assets	-	-	0%	100%

6.1.1 The fair value measurement of the livestock has been categorised as level-2 fair value based on observable market sales data, using market comparison technique under which market price is based on the market price of live stock of similar age, weight and market values.

7 FORMATION COST

Opening Balance	1,101	-
Add: incurred during the year / period	-	1,452
Less: amortised during the year / period	(1,101)	(351)
Closing balance	-	1,101

8 Advances, deposits and prepayments

Livestock manager fee	-	195
LSM - overheads	-	390
Insurance	-	169
Stock of feed	-	3,608
	-	4,362

9 OTHER RECEIVABLE

Profit on Saving accounts	-	204
SK Farm	-	4
Sale of investments - net	-	27,816
Insurance claim	-	180
	-	28,204

10 PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to Management Company	10.1	-	562
Sindh Sales Tax payable on Management	10.2	-	73
		-	635

10.1 As per the amended Regulation 61 of the NBFC Regulation, an Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the Offering Document (OD) is 3% per annum of average annual net assets. During the period, the fee has been charged at the rate ranging between 1.5% to 3% of the average annual net assets. The fee is payable monthly in arrears.

10.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011.

	Note	2024 ---Rupees in '000--	2023
11 PAYABLE TO THE TRUSTEE			
Trustee fee payable	11.1 & 11.2	-	141
Sindh Sales Tax payable on	11.3	-	18
		-	159

- 11.1 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 therein, based on the average annual net assets of the Fund.
- 11.2 As per the trust deed and offering document, the trustee remuneration shall consist of reimbursement of actual custodian expenses plus trustee tariff of 0.75% p.a. of net assets. During the period, the Management Company has charged the Trustee fee accordingly.
- 11.3 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the Trustee fee through Sindh Sales Tax on Services Act, 2011.

12	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ---Rupees in '000--	2023
	Annual fee payable	12.1	-	4

- 12.1 As per Regulation 62 of NBFC Regulations, an Asset Management Company managing a CIS shall pay SECP an annual fee of 0.02% of the average annual net assets. The fee is payable annually in arrears.

13 OTHER LIABILITIES

Audit fee payable	-	356
Shariah advisory fee payable	-	56
Other charges of trustee	-	111
Payable to SGS - testing and inspection	-	87
Formation cost payable to AMC	-	1,353
Other payable	-	119
	-	2,082

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024. (2023: NIL)

15	GAIN / (LOSS) ON SALES OF BIOLOGICAL ASSETS	Note	2024 ---Rupees in '000--	2023
	Proceed from sales of Biological asset		186,282	29,979
	carrying amount		(120,215)	(19,492)
	Cost of feed		(36,815)	(18,038)
			29,252	(7,551)

16	AUDITORS' REMUNERATION	Note	2024 ---Rupees in '000--	2023
	Annual audit fee		168	200
	Other certifications and out of pocket expenses		14	156
			182	356

17 TAXATION

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

18 EARNINGS PER UNIT

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

19 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	As at June 30, 2024		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	-	-	-
Investment			
Livestock contract	-	-	-
Receivable from SK farm	-	-	-
	-	-	-

Particulars	As at June 30, 2024		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial Liabilities			
Payable to the Management Company	-	-	-
Payable to the Trustee	-	-	-
Accrued expenses and other liabilities	-	-	-
	-	-	-

Particulars	As at June 30, 2023		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	-	12,832	12,832
Receivable from SK farm	-	4	4
	50,000	12,836	62,835

Particulars	As at June 30, 2023		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial Liabilities			
Payable to the Management Company	-	562	562
Payable to the Trustee	-	141	141
Accrued expenses and other liabilities	-	2,082	2,082
	-	2,785	2,785

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

Details of the transactions with connected persons and balances with them are as follows:

	2024	2023
	-----Rupees in '000-----	
20.1 Transactions during the year		
HBL Asset Management Limited - Management Company		
Remuneration of the Management Company	1,658	562
Sindh Sales Tax on remuneration of the	216	73
DCCL - Trustee		
Remuneration of the Trustee	466	141
Sindh Sales Tax on remuneration of the	61	18
Other Charges	-	111
Habib Bank Limited - Sponsor		
Profit on Bank Deposits	287	37
Bank charges	-	4
Ivan N Johns - Directors & Executive		
Issue of Nil units (2023: issue of 1000	-	1000
20.2 Balance outstanding as at the year end		
HBL Asset Management Limited - Management Company		
Remuneration payable to the Management Company	-	562
Sindh Sales Tax payable on Management remuneration	-	73
Formation cost payable	-	1,353

	2024	2023
	-----Rupees in '000-----	
DCCL		
Trustee fee payable	-	141
Sindh Sales Tax on remuneration of the	-	18
Other Charges Payable	-	111
Habib Bank Limited - Sponsor		
Bank balances	-	128
Profit receivable	-	1
Ivan N Johns - Directors & Executive		
Issue of Nil units (2023: issue of 1000	-	1,000

21 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management 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 Fund entirely invests in livestock. This activity is exposed to a variety of financial risks: market risks, credit risks and liquidity risks.

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Currently the fund is not exposed to any market risk as the fund has matured at year end.

The Management Company manages market risk by monitoring exposure in marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee of the Fund and the regulations laid down by the Securities and Exchange Commission of Pakistan.

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

21.1.1 Currency risk

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

21.1.2 Interest rate risk

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Currently the fund is not exposed to interest rate risk as the fund has matured at year end.

21.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, The Fund is not currently exposes to price risk.

22.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund is not currently expose to credit risk.

22.2.1 The analysis below summarises the credit quality of the Fund's bank balances as at June 30, 2024:

2024			
Name of Bank	Balances held by the Fund as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
(Rupees in '000')			
Balances with banks by rating category			
AlBaraka Bank Limited	-	A-1	VIS
Habib Bank Limited	-	A-1+	VIS
	<u>-</u>		
2023			
Name of Bank	Balances held by the Fund as at June 30, 2023	Latest available published rating as at June 30, 2023	Rating agency
(Rupees in '000')			
Balances with banks by rating category			
AlBaraka Bank Limited	12,704	A-1+	PACRA
Habib Bank Limited	128	A-1+	VIS
	<u>12,832</u>		

Concentration of credit risk

Concentration of credit risk exists when change in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of livestock is wholly concentrated in bank balances. There is no concentration of credit risk at reporting date.

22.3 Liquidity risk

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

23 UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units.

The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total fund size at the end of each period.

The Fund has maintained and complied with the requirements of minimum fund size during the current period.

24 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2024 are as follow:

Name	Designation	Qualification	Experience
Mir Adil Rashid	Chief Executive Officer	BSc	25+
Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	28+
Rahat Saeed Khan	Head of Fixed Income	MBA	26+
Imad Ansari	Head of Risk	MBA	17+
Ahsan Ali	Head of Research	CFA	15
Raza Abbas	Senior Fund Manager	M.Com	21

25 PATTERN OF UNIT HOLDING

The Fund has redeemed all of its units held on February 14,2024 after which there has been no unit holder left in the fund.

26 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Six meetings of the Board of Directors were held on August 25,2023 , October 20, 2023, October 27,2023, January 25,2024 ,February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave Granted	
1 Mr. Shahid Ghaffar	6	6	-	-
2 Ms. Ava A. Cowasjee	6	6	-	-
3 Mr. Rayomond H. Kotwal	6	5	-	1 October 27,2023.
4 Mr. Abrar Ahmed Mir	6	6	-	-
5 Mr. Tariq Masaud	6	6	-	-
6 Mr. Abid Sattar	6	6	-	-
7 Mr. Khalid Malik	6	6	-	-

27 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the period ended June 30, 2024 is 49.900% which includes 0.290% representing government levy and SECP fee.

28 CORRESPONDING FIGURES

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

29 GENERAL

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

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Fixed
Term Fund

FUND INFORMATION

NAME OF FUND	HBL Islamic Fixed Term Fund
NAME OF AUDITOR	BDO Ebrahim & Co. Chartered Accountants.
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited.
NAME OF BANKERS	United Bank Limited

Type and Category of Fund

Open end Shariah Compliant Fixed Rate Scheme

Investment Objective and Accomplishment of Objective

The objective of the Fund is to offer multiple Investment Plans and each Investment Plan shall make investments in such a manner that the original amount of investment is protected whilst having the potential to yield positive return at the maturity date. The investment objective is achieved.

Benchmark and Performance Comparison with Benchmark

PKIRSV Rates (for comparable period of the plan) at the time of plan launch.

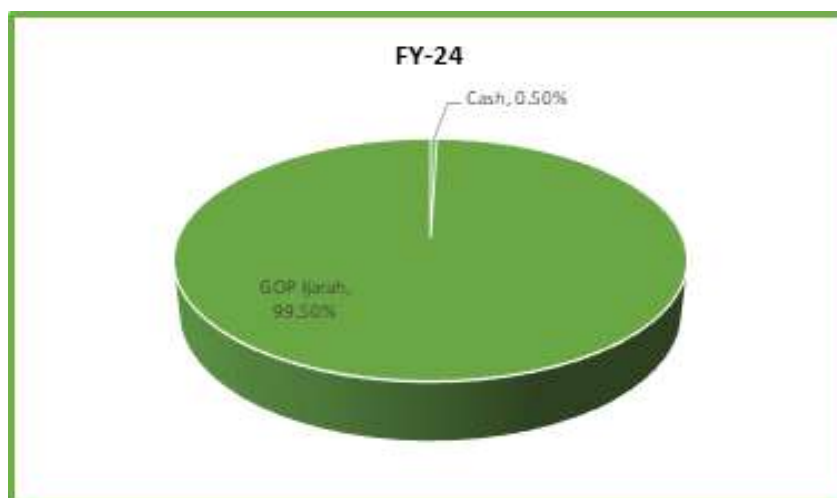
The comparison of the fund return with benchmark is given below:

Month	HBL IFTF	Benchmark
Jun-24	18.54%	20.24%
May-24	18.85%	20.24%
Apr-24	19.15%	20.24%
Mar-24	19.19%	20.24%
Feb-24	NA	NA
Jan-24	NA	NA
Dec-23	NA	NA
Nov-23	NA	NA
Oct-23	NA	NA
Sep-23	NA	NA
Aug-23	NA	NA
Jul-23	NA	NA

Strategies and Policies employed during the Period

The Fund remained primarily invested in GoP Ijarah Sukuk (GIS). At the end of the period, asset allocation comprised of 99.50% investment in GIS and remaining 0.50% in DPA accounts. Going forward, additional investment avenues will be explored towards investments in shorter duration placements to augment returns. HBL Islamic Fixed Term Fund Plan 1 posted an annualized return of 18.93% compared to its benchmark return of 20.24%.

Asset Allocation



Fund Performance

The total and net income of the Fund was Rs. 84.09 million and Rs. 79.84 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 100.4517 per unit as on June 30, 2024, after incorporating dividend of Rs. 4.5209 per unit, thereby giving a return of 19.18% during the year, against the benchmark return (KMI 30 Index) of 20.24%. The size of Fund was Rs. 1.67 billion as on June 30, 2024.

Money Market Review

During the period under review, SBP maintained policy rate at 22% to slow down the economic activity and tame down the inflation. However, in the last Monetary Policy Committee (MPC) meeting of FY24, the policy rate was reduced to 20.5% on the back of decline in inflation. On a forward looking basis, the real interest rates have turned significantly positive.

Sensing the forth coming decline in interest rates, secondary market yields have started coming down before the interest rate cut announcement by MPC. After touching the high of 23.78%, 24.51%, 24.73%, 21.16% and 17.93% secondary market yields retreated to 19.97%, 19.91%, 18.68%, 16.50% and 15.37% for 3M, 6M, 12M, 3Y and 5Y tenors respectively.

It is also pertinent to note that during the last Sukuk auction held on 27th June-2024, government raised PKR 198B from Fixed Rental Rate (FRR) Sukuk against target of PKR 20B. Yield on 3-year Sukuk stood at 15.80% whereas on 5-year Sukuk stood at 15.10% for FRR. In Variable Rate Sukuk (VRR) auction, government raised PKR 20B as per the target. In last fixed rate discounted Ijara Sukuk of FY24, government raised PKR 21B against the target of PKR 10B at 18.50%.

Despite decline in interest rates, real interest rates have remained significantly positive on forward looking basis due to expected sharp decline in inflation. As inflation is expected to ease further from current levels, possibility of further rate cuts are high.

Distribution

The Fund has distributed cash dividend up-to Rs. 4.5209 per unit for the year ended June 30, 2024.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the period under review.

Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	-	
101 – 500	-	
501 – 1,000	-	
1,001 – 10,000	-	
10,001 – 100,000	-	
100,001 – 500,000	-	
500,001 – 1,000,000	-	
1,000,001 – 5,000,000	-	
5,000,001 and above	1	16,614,842
Total	1	16,614,842

Unit Splits

There were no unit splits during the year.

Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

	2024
Net assets at the period end(Rs'000)	1,668,989
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES	
Redemption	100.4517
Offer	0
OFFER / REDEMPTION DURING THE PERIOD - RUPEES	
Highest offer price per unit	0.0000
Lowest offer price per unit	0.0000
Highest redemption price per unit	104.5209
Lowest redemption price per unit	100.0000
RETURN (%)	
Total return	19.18%
Income distribution	17.37%
Capital growth	1.81%
DISTRIBUTION	
Final dividend distribution- Rs	4.5209
Date of Income Distribution	22-06-24
Total dividend distribution for the year/ period	4.5209
AVERAGE RETURNS (%)	
Average annual return 1 year	19.18%
Average annual return 2 year	-
Average annual return 3 year	-
PORTFOLIO COMPOSITION - (%)	
Percentage of Total Assets as at 30 June:	
Bank Balances	0.50%
t-bills	0.00%
Placement with Banks and DFIs	0.00%
GOP Ijarah	99.50%
Stock / Equities	0.00%
Others	0.00%

Note:

The Launch date of the Fund is March 28, 2024

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC FIXED TERM FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Fixed Term Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2024



STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Fixed Term 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, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024



Al-Hilal
— Shariah Advisors —

September 25, 2024



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, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL Islamic Fixed Term Plan-1** managed by **HBL Asset Management Limited** are Permissible 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



FINANCIAL STATEMENTS
OF
HBL ISLAMIC FIXED TERM FUND
FOR THE YEAR ENDED
JUNE 30, 2024
MANAGED BY HBL ASSET MANAGEMENT LIMITED

BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF HBL ISLAMIC FIXED TERM FUND

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HBL Islamic Fixed Term Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the period then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, and its financial performance and its cash flows for the period 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the 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

The Management Company ("HBL Asset Management Limited") 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 the Management Company and its Board of Directors

The Management Company ("HBL Asset Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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BDO Ebrahim & Co. Chartered Accountants

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In preparing the financial statements, the Management Company 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 the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Management company is 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company'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 the Board of Directors of the Management Company 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 the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 27 SEP 2024

UDIN: AR202410166GB6aHw4jC


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INDEPENDENT ASSURANCE REPORT TO THE UNITHOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Scope of our Work

We have performed an independent assurance engagement of HBL Islamic Fixed Term Fund (the Fund), to express an opinion on the annexed Statement of Compliance with the Shariah Principles (the Statement) for the period ended June 30, 2024. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

Applicable Criteria

The criteria for the assurance engagement against which the underlying statement (the subject matter) is assessed comprises of compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor (criteria). Therefore, the underlying subject matter may not be suitable for another purpose. Our engagement was carried out as required under Trust Deed and Shariah Principles of the Fund.

Management Company's responsibility

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

Our Independence and Quality Control

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firms apply International Standard on Quality Management (ISQM) 1 "Quality Management for Firms That Perform Audits and Reviews of Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of independent assurance providers

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This standard requires that we plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor and is free from material misstatement.

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

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The procedures performed included:

- Checking compliance of specified guidelines issued by the Shariah Advisor relating to charity, maintaining bank accounts and for making investments of the Fund; and
- Checking that the Shariah Advisor has certified that the operations of the Fund and investments made by the Fund during the period ended June 30, 2024 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for the period ended June 30, 2024.

KARACHI

DATED: SEPTEMBER 27, 2024

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

**HBL Islamic Fixed Term
Fund Plan - I
June 30, 2024**

Note --Rupees in '000'--

ASSETS

Balances with banks	5	18,556
Investments	6	1,663,081
Profit / mark-up receivable	7	288

TOTAL ASSETS

1,681,925

LIABILITIES

Payable to the Management Company	8	1,099
Payable to the Trustee	9	182
Payable to Securities and Exchange Commission of Pakistan	10	102
Shariah fee payable		64
Accrued expenses and other liabilities	11	11,489

TOTAL LIABILITIES

12,936

NET ASSETS

1,668,989

UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)

1,668,989

CONTINGENCIES AND COMMITMENTS

12

--Number of units--

Number of units in issue

13

16,614,842

--(Rupees)--

Net assets value per unit

100.4517

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Fixed Term Fund Income Statement

For the period from March 28, to June 30, 2024

		HBL Islamic Fixed Term Fund Plan - I For the period from March 28, to June 30, 2024
	Note	--Rupees in '000'--
Income		
Income from Government securities		82,179
Profit on bank deposits		1,906
		<u>84,085</u>
Expenses		
Remuneration of the Management Company	8.1	2,554
Sindh Sales Tax on remuneration of the Management Company	8.2	332
Remuneration of the Trustee	9.1	234
Sindh Sales Tax on remuneration of the Trustee	9.3	30
Annual fee to Securities and Exchange Commission of Pakistan	10.1	319
Auditors' remuneration	14	435
Shariah Advisory Fee		85
CDC Charges		1
Amortisation of preliminary expenses and flotation costs		54
Bank charges		20
Printing and stationary charges		180
		<u>4,245</u>
Net income for the period before taxation		79,840
Taxation	15	-
Net income for the period		<u><u>79,840</u></u>
Allocation of net income for the period		
Income already paid on redemption of units		-
Accounting income available for distribution:		
Relating to capital gain		-
Excluding capital gain		79,840
		<u>79,840</u>
		<u><u>79,840</u></u>
Earnings per unit	16	

The annexed notes from 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**HBL Islamic Fixed Term
Fund Plan - I**

**For the period
from March 28, to
June 30, 2024**

--Rupees in '000'--

Net income for the period	79,840
Other comprehensive income	-
Total comprehensive income for the period	<u>79,840</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Fixed Term Fund
Cash Flow Statement
For the period from March 28, to June 30, 2024

HBL Islamic Fixed Term Fund
Plan - I
For the period from
March 28, to June 30,
2024

	Note	--Rupees in '000'--
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		79,840
Adjustments for:		
Income from Government securities		(82,179)
Profit on bank deposits		(1,906)
		(4,245)
Increase in assets		
Investments	5	(1,663,081)
Increase in liabilities		
Payable to the Management Company	8	1,099
Payable to the Trustee	9	182
Payable to Securities and Exchange Commission of Pakistan	10	102
Shariah fee payable		64
Accrued expenses and other liabilities	11	11,489
		12,936
Cash used in operating activities		(1,654,390)
Income received from Government securities		82,179
Profit / mark-up received on bank deposits		1,618
		83,797
Net cash used in operating activities		(1,570,593)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units		1,661,483
Dividend paid		(72,334)
Net cash generated from financing activities		1,589,149
Net increase in cash and cash equivalents		18,556
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	5	18,556

The annexed notes from 1 to 28 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

HBL Islamic Fixed Term Fund (the Fund) was established under a Trust Deed executed between HBL Asset Management Limited as the Management Company, and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was executed on October 25, 2023 and registered under the Sindh Trust Act, 2020, as amended vide Sindh Trusts (Amendment) Act, 2021. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SCD/AMCW/HBLITF/2023/376 dated December 04, 2023.

Effective from September 1, 2016, HBL Asset Management Limited became Management Company of the Fund, which is a wholly owned subsidiary of Habib Bank Limited. The Aga Khan Fund for Economic Development (AKFED), S.A. is the parent company of Habib Bank Limited.

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

The Fund is an Open-End Fixed Rate/Return Scheme. The Management Company have the intention of launching 10 fixed return plans having maturity upto thirty six months from the date of closure of the IPO. The Allocation Plans shall be closed for new subscriptions after the close of the subscription period. Currently, HBL Islamic Fixed Term Fund Plan-I is active. The Units of which were initially offered for public subscription at a par value of Rs.100 per unit from March 27, 2024 at the start of banking hours till the close of banking hours.

The Fund has been categorised as a Fixed Rate/Return scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CISs).

The Core objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

VIS Credit Rating Agency has assigned a management quality rating of 'AM1' (Stable outlook) to the Management Company as at December 29, 2023 while the fund is currently not rated.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis, unless otherwise stated.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional currency.

2.4 Use of judgments and estimates

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

Classification and valuation of investment

For details please refer notes 4.2.1.1 and 18 to these financial statements.

Impairment of investment

For details please refer note 4.2.1.2 to these financial statements.

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

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the period ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Fund's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	"Effective date (annual periods beginning on or after)"
"Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- 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' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Management Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

3.2 New accounting standards, amendments and interpretations that are not yet effective

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

	"Effective date (annual periods beginning on or after)"
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	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' - Supplier finance arrangements	January 01, 2024
	"Effective date (annual periods beginning on or after)"
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

4 MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

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.

4.2.1 Financial assets

4.2.1.1 Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified and measured at amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (refer note 4.2.1.2). Interest income and impairment are recognised in income statement.

4.2.1.2 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investments and bank balances.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

4.2.1.3 Regular way purchase and sale of financial assets

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset.

4.2.1.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.3 Offsetting of financial assets and liabilities

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 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

4.5 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

4.6 Issue and redemption of units

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

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

4.7 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.8 Net assets value per unit

The net assets value (NAV) per unit as 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.

4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Mark-up / profit / return on Government securities, bank profits and investment in debt securities are recognized using the effective interest method.

- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.

4.10 Transactions with related parties / connected persons

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

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

		2024	
		Note	-Rupees in '000 -
5	Balances with banks		
	Cash at bank		
	In savings accounts	5.1	<u>18,556</u>

5.1 These carries mark-up at rates ranging between 9.00% to 19.10% per annum.

		2024	
		Note	-Rupees in '000 -
6	INVESTMENTS		
	Financial assets		
	At amortised cost	6.1	<u>1,663,081</u>
			<u>1,663,081</u>
6.1	Financial assets at amorised cost		
	Government securities		
	GoP Ijara sukuk	6.1.1	<u>1,663,081</u>
			<u>1,663,081</u>

6.1.1 GOP Ijara sukuk certificates

Issue Details	Issue date	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Un-realised gain / (loss)	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2023	Purchases during the period	Sales / matured during the period	As at June 30, 2024					
(Rupees in '000)										
GOPIS 12M 24-01-2024	29-Mar-24	-	1,900,000	-	1,900,000	1,663,081	1,663,081	-	100%	99.65%
Total - as at June 30, 2024			<u>1,900,000</u>	<u>-</u>	<u>1,900,000</u>	<u>1,663,081</u>	<u>1,663,081</u>	<u>-</u>	<u>100%</u>	<u>99.65%</u>

6.1.2 As at June 30, 2024, GOP Ijarah Sukuks has a face value of Rs. 19 million, carrying effective yield of 20.18% per annum.

		2024
	Note	-Rupees in '000 -
7	PROFIT / MARK-UP RECEIVABLE	
	Bank deposits	<u>288</u>
8	PAYABLE TO THE MANAGEMENT COMPANY	
	Remuneration payable to the Management Company	8.1 925
	Sindh Sales Tax on Management Company's remuneration	8.2 120
	Formation cost payable	<u>54</u>
		<u>1,099</u>
8.1	As per the Regulation 61 of the NBFC Regulations, Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document. The maximum limit disclosed in the offering document is 1.50% per annum of average annual net assets. During the period, the fee is being charged at the rate 0.60% of the average annual net assets. The fee is payable monthly in arrears.	
8.2	The Sindh Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.	
9	PAYABLE TO THE TRUSTEE	
	Trustee fee payable	9.1 & 9.2 161
	Sindh Sales Tax on remuneration of the Trustee	9.3 <u>21</u>
		<u>182</u>
9.1	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 therein, based on the average annual net assets of the Fund. The fee is paid to the Trustee monthly in arrears.	
9.2	As per the trust deed and offering document, the trustee remuneration shall consist of reimbursement of actual custodian expenses plus trustee tariff of 0.075% p.a. of net assets.	
9.3	The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the Trustee fee through the Sindh Sales Tax on Services Act, 2011.	
		2024
	Note	-Rupees in '000 -
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	
	Annual fee payable to SECP	10.1 <u>102</u>
10.1	As per Regulation 62 of NBFC Regulations, an Asset Management Company managing a CIS shall pay SECP an annual fee of 0.075% of the average annual net assets. The fee is payable annually in arrears.	

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Withholding tax payable	10,946
Auditors' remuneration	435
Printing charges	87
Others	21
	11,489

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024.

13 NUMBER OF UNITS IN ISSUE

Total units in issue at the beginning of the period	-
Add: Units issued	16,614,842
Less: Units redeemed	-
Total units in issue at the end of the period	16,614,842

14 AUDITORS' REMUNERATION

Annual audit fee	435
	435

15 TAXATION

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

16 EARNINGS PER UNIT

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	----- As at June 30, 2024 -----		
	Fair value through profit or loss	Amortised cost	Total
	----- Rupees in '000 -----		
Financial assets			
Bank balances	-	18,556	18,556
Investments			
GoP Ijara sukuk	-	1,663,081	1,663,081
Profit / mark-up receivable	-	288	288
	-	1,681,925	1,681,925

Particulars	As at June 30, 2024		
	Fair value through profit or loss	Amortised cost	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to the Management Company	-	979	979
Payable to the Trustee	-	161	161
Shariah fee payable	-	64	64
Accrued expenses and other liabilities	-	543	543
	-	1,747	1,747

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

Details of the transactions with connected persons and balances with them are as follows:

		For the period from March 28, to June 30, 2024
		--- Rupees in '000 ---
18.1	Transactions during the period	
	HBL Asset Management Limited - Management Company	
	Remuneration of Management Company	2,554
	Sindh Sales Tax on remuneration of the Management company	332
	Central Depository Company of Pakistan Limited - Trustee	
	Remuneration	234
	Sindh Sales Tax on remuneration of the Trustee	30
		2024
18.2	Balance outstanding as at the period end	-- Rupees in '000 --
	HBL Asset Management Limited - Management Company	
	Remuneration payable to the Management Company	925
	Sindh Sales Tax payable on Management Company's remuneration	120
	Formation cost payable	54
	Central Depository Company of Pakistan Limited - Trustee	
	Trustee fee payable	161
	Sindh Sales Tax payable on Trustee Remuneration	21

19 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management 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 Fund primarily invests in Government securities. These activities expose the Fund to a variety of financial risks, such as market risk, credit risk and liquidity risk.

19.1 Market risk

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

The Management Company 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.

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

19.1.1 Currency risk

Currency risk is a 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.

19.1.2 Interest rate risk

Interest rate risk is a 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 Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 19.1% to 20.6% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2024, with all other variables held constant, the net income for the period and the net assets would have been higher / lower by Rs. 0.1856 million.

b) Fair value interest rate risk

The Fund's investment portfolio currently includes GOP Ijara sukuk, which have fixed interest rates. This characteristic of Ijara sukuk ensures that the Fund's holdings are not influenced by changes in market interest rates. As a result, the Fund is not subject to fair value interest rate risk at this time.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

Particulars	As at June 30, 2024					Total
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees in '000				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	9.00 - 19.10	18,556	-	-	-	18,556
Investments						
GoP Ijara sukuk	20.18	-	-	-	1,663,081	1,663,081
Profit / mark-up receivable		-	-	-	288	288
Sub total		18,556	-	-	1,663,369	1,681,925
Financial liabilities						
Payable to the Management Company		-	-	-	979	979
Payable to the Trustee		-	-	-	161	161
Shariah fee payable		-	-	-	64	64
Accrued expenses and other liabilities		-	-	-	543	543
Sub total		-	-	-	1,747	1,747
On-balance sheet gap (a)		18,556	-	-	1,661,622	1,680,178
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		18,556	-	-	1,661,622	1,680,178
Cumulative interest rate sensitivity gap		18,556	-	-	-	-

19.1.3 Other price risk

Price risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Fund does not hold any security which exposes the Fund to price risk.

19.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to investment in bank balances. Bank balances are maintained with balance with a reasonably high credit rating.

19.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2024.

Name of Banks	Balances held as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
---------------	-----------------------------------	---	---------------

Rupees in '000

Balances with banks by rating category

United Bank Limited	18,556	A-1+	VIS
	18,556		

19.2.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

	2024
Rating by rating category	-- (Percentage) --
A-1+	100.00

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect counterparties or groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly concentrated in Government securities and bank balances. There is no concentration of credit risk as at reporting date.

19.3 Liquidity risk

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

The Fund is exposed to cash redemptions subject to contingent load due to early redemptions, if any, at the option of unit holders. 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 realisable.

The Fund has the ability to borrow. The borrowing, however, shall not be resorted to, except for meeting redemption requests. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the total net asset value of the Fund at the time of borrowing and shall be repayable within 90 days. The facility would bear interest at commercial rates and would be secured against the assets of the Fund. However, during the current period, no borrowings were made by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% of the units then in issue. However, no such instances were witnessed by the Fund during the current period.

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

Particulars	As at June 30, 2024			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
Financial liabilities				
Payable to the Management Company	979	-	-	979
Payable to the Trustee	161	-	-	161
Shariah fee payable	64	-	-	64
Accrued expenses and other liabilities	543	-	-	543
	1,747	-	-	1,747

20 UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly as the Fund is subject to early redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;
- Redeems and issues units in accordance with the constitutive documents (offering document) of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current period.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

22.1 Transfers during the year

During the period, no transfers were made between various levels of fair value hierarchy.

22 LIST OF TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

There were no brokers during the period ended June 30, 2024.

23 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2024 are as follows:

S. no.	Name	Designation	Qualifications	Experience in years
1.	Mir Adil Rashid	Chief Executive Officer	BSc	25+
2.	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	28+
3.	Rahat Saeed Khan	Head of Fixed Income	MBA	26+
4.	Imad Ansari	Head of Risk	MBA	17+
5.	Ahsan Ali	Head of Research	CFA	8+
6.	Raza Abbas	Senior Fund Manager	M.Com	21+

24 PATTERN OF UNITHOLDING

Category	----- As at June 30, 2024 -----			
	No. of unit holders	Number of units held	Investment amount	Percentage
	Rupees in '000			
Trust	1	16,614,842	1,668,989	100.00%
	1	16,614,842	1,668,989	100.00%

25 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Six meetings of the Board of Directors were held on August 25,2023 , October 20, 2023, October 27,2023, January 25,2024 ,February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

S.No.	Name of Director	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
1	Mr. Shahid Ghaffar	6	6	-	-
2	Ms. Ava A. Cowasjee	6	6	-	-
3	Mr. Rayomond H. Kotwal	6	5	1	October 27,2023.
4	Mr. Abrar Ahmed Mir	6	6	-	-
5	Mr. Tariq Masaud	6	6	-	-
6	Mr. Abid Sattar	6	6	-	-
7	Mr. Khalid Malik	6	6	-	-

26 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the period ended June 30, 2024 is 1% which includes 0.16% representing Government levy and SECP fee.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

28. GENERAL

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

28.2 The HBL Fixed Term Fund has been launched in the current year. Therefore, comparatives have not been presented.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



HBL Islamic Savings Fund

FUND INFORMATION

NAME OF FUND	HBL ISLAMIC SAVINGS FUND
NAME OF TRUSTEE	Central Depository Company of Pakistan Limited
NAME OF AUDITORS	Yousuf Adil, Chartered Accountants
NAME OF SHARIAH ADVISORS	Al - Hilal Shariah Advisors (Pvt.) Limited
NAME OF BANKERS	Faysal Bank Limited Habib Bank Limited United Bank Limited

Type and Category of Fund

Open end Islamic Money Market Fund

Investment Objective and Accomplishment of Objective

The objective of HBL Islamic Savings Fund Plan-I is to seek high liquidity, competitive return and maximum possible preservation of capital for investors by investing in low risk shariah compliant securities. The investment objective is achieved.

Benchmark and Performance Comparison with Benchmark

The Fund's benchmark is average 3 Months average deposit rates of 3 AA rated Islamic Banks or Islamic Windows of Conventional Bank as selected by MUFAP.

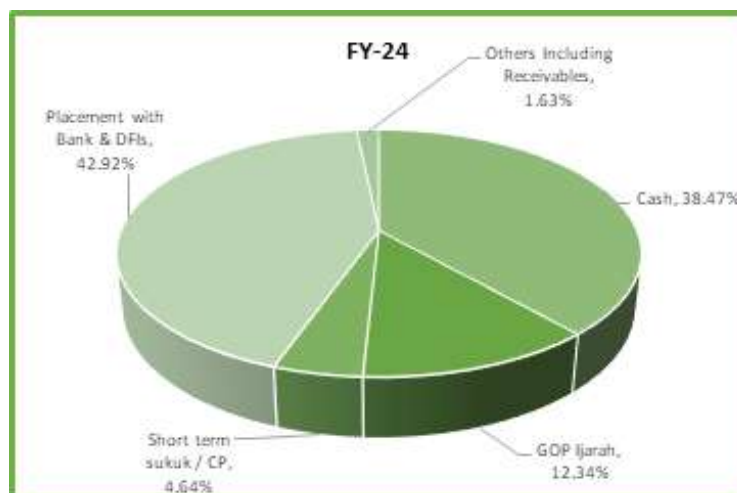
The comparison of the fund return with benchmark is given below:

Month	HBL ISAVF	Benchmark
Jun-24	19.11%	11.22%
May-24	19.80%	11.20%
Apr-24	19.36%	11.26%
Mar-24	19.35%	11.27%
Feb-24	NA	NA
Jan-24	NA	NA
Dec-23	NA	NA
Nov-23	NA	NA
Oct-23	NA	NA
Sep-23	NA	NA
Aug-23	NA	NA
Jul-23	NA	NA

Strategies and Policies employed during the Period

During the year, funds were majorly placed with Banks and DFIs which comprised 42.92% of total assets. GoP Ijarah Sukuks comprised 12.34% and short term Sukuks/CPs 4.64% of total assets. Daily Product Accounts were 38.47% of total assets and augmented returns due to attractive rates. HBL Islamic Saving Fund Plan - 1 posted an annualized average return of 19.41% compared to the benchmark return of 11.24%. Further investment options will be explored to place funds in shorter duration instruments to augment returns.

Asset Allocation



Fund Performance

The total and net income of the Fund was Rs. 256.98 million and Rs. 235.26 million respectively during the year ended June 30, 2024. The Net Asset Value (NAV) of the Fund was Rs. 100.1648 per unit as on June 30, 2024, after incorporating dividend of Rs. 5.75 per unit, thereby giving a return of 19.83% during the year, against the benchmark return (KMI 30 Index) of 11.23%. The size of Fund was Rs. 5.25 billion as on June 30, 2024.

Money Market Review

During the period under review, SBP maintained policy rate at 22% to slow down the economic activity and tame down the inflation. However, in the last Monetary Policy Committee (MPC) meeting of FY24, the policy rate was reduced to 20.5% on the back of decline in inflation. On a forward looking basis, the real interest rates have turned significantly positive.

Sensing the forth coming decline in interest rates, secondary market yields have started coming down before the interest rate cut announcement by MPC. After touching the high of 23.78%, 24.51%, 24.73%, 21.16% and 17.93% secondary market yields retreated to 19.97%, 19.91%, 18.68%, 16.50% and 15.37% for 3M, 6M, 12M, 3Y and 5Y tenors respectively.

It is also pertinent to note that during the last Sukuk auction held on 27th June-2024, government raised PKR 198B from Fixed Rental Rate (FRR) Sukuk against target of PKR 20B. Yield on 3-year Sukuk stood at 15.80% whereas on 5-year Sukuk stood at 15.10% for FRR. In Variable Rate Sukuk (VRR) auction, government raised PKR 20B as per the target. In last fixed rate discounted Ijara Sukuk of FY24, government raised PKR 21B against the target of PKR 10B at 18.50%.

Despite decline in interest rates, real interest rates have remained significantly positive on forward looking basis due to expected sharp decline in inflation. As inflation is expected to ease further from current levels, possibility of further rate cuts are high.

Distribution

The Fund has distributed cash dividend up-to Rs. 5.75 per unit for the year ended June 30, 2024.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the period under review.

Breakdown of Unit Holding by Size

From – To (Number of units)	Number of Unit Holders	Total Number of Units Held
1 – 100	56	1,376
101 – 500	32	5,717
501 – 1,000	15	10,475
1,001 – 10,000	107	439,743
10,001 – 100,000	153	5,521,398
100,001 – 500,000	70	15,592,035
500,001 – 1,000,000	11	7,374,287
1,000,001 – 5,000,000	9	17,238,657
5,000,001 and above	1	6,216,156
Total	454	52,399,844

Unit Splits

There were no unit splits during the year.

Circumstances materially affecting the Interest of Unit Holders

Investments are subject to market risk.

Soft Commission

The Management Company from time to time receives research reports and presentations from brokerage houses.

	2024
Net assets at the period end(Rs'000)	52,399,844
NET ASSETS VALUE PER UNIT AT 30 JUNE - RUPEES	
Redemption	100.1648
Offer	103.5604
OFFER / REDEMPTION DURING THE PERIOD - RUPEES	
Highest offer price per unit	105.7681
Lowest offer price per unit	100.0000
Highest redemption price per unit	109.3536
Lowest redemption price per unit	100.0000
RETURN (%)	
Total return	19.83%
Income distribution	19.79%
Capital growth	0.04%
DISTRIBUTION	
Final dividend distribution- Rs	5.75
Date of Income Distribution	28-06-24
Total dividend distribution for the year/ period	5.75
AVERAGE RETURNS (%)	
Average annual return 1 year	19.83%
Average annual return 2 year	-
Average annual return 3 year	-
PORTFOLIO COMPOSITION - (%)	
Percentage of Total Assets as at 30 June:	
Bank Balances	38.47%
GoP Ijarah Sukuks	12.34%
Placement with Banks and DFIs	42.92%
Corporate Sukuks	4.64%
Stock / Equities	1.63%
Others	

Note:

The Launch date of the Fund is March 14, 2024

Disclaimer:

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

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Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

HBL ISLAMIC SAVING FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of HBL Islamic Saving Fund (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 27, 2024



STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

HBL Islamic Savings 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, 2024. This has been duly confirmed by the Shariah Advisor of the Fund.

Mir Adil Rashid

Chief Executive Officer

Dated: September 26, 2024

HBL Asset Management Limited
Head Office
7th Floor
Emerald Tower
G-19 Block-5,
Main Clifton Road,
Clifton, Karachi

UAN (021) 111-425-262
Fax (021) 35168455
www.hblasasset.com

September 25, 2024



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, 2024 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in **HBL Islamic Saving Fund plan 1** managed by **HBL Asset Management Limited** are Permissible 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 unit holders of HBL Islamic Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HBL Islamic Savings Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the period then ended and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, 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 (Management Company) 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

Management Company 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 Management Company and Board of Directors of the Management Company for the Financial Statements

Management Company 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 Management Company 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, Management Company 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 Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company'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 the Management Company 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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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


Chartered Accountants

Place: Karachi
Date: September 27, 2024
UDIN: AR202410057gEMb3rz8W

HBL Islamic Savings Fund
STATEMENT OF ASSET AND LIABILITIES
As At June 30, 2024

	Note	June 30, 2024 (Rupees in '000)
ASSETS		
Bank balances	4	2,048,109
Investments	5	3,164,853
Profit receivable	6	70,185
TOTAL ASSETS		5,283,147
LIABILITIES		
Payable to the Management Company	7	9,776
Payable to the Trustee	8	280
Payable to Securities and Exchange Commission of Pakistan	9	338
Dividend payable		40
Accrued expenses and other liabilities	10	24,094
TOTAL LIABILITIES		34,528
NET ASSETS		5,248,619
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,248,619
CONTINGENCIES AND COMMITMENTS		
	11	(Number of units)
NUMBER OF UNITS IN ISSUE	12	52,399,844
		----- (Rupees) -----
NET ASSETS VALUE PER UNIT		100.1648

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Savings Fund INCOME STATEMENT

FOR THE PERIOD FROM MARCH 17, 2024 TO JUNE 30, 2024

	Note	For the period from March 17, 2024 to June 30, 2024 (Rupees in '000)
INCOME		
Capital loss on sale of investments - net		(120)
Income from government securities		22,550
Income from corporate sukuk bonds		14,188
Profit on bank deposit		108,811
Markup income on musharakah		75,972
Markup income on bai-muajjal		31,289
Unrealised gain on re-measurement of investments at 'fair value through profit or loss' - net	5.3	4,292
		<u>256,982</u>
EXPENSES		
Remuneration of the Management Company	7.1	15,542
Sindh Sales Tax on remuneration of the Management Company	7.2	2,020
Allocated expenses	7.3	59
Selling and marketing expenses	7.4	1,245
Remuneration of the Trustee	8.1	666
Sindh Sales Tax on remuneration of the Trustee	8.2	87
Securities and Exchange Commission of Pakistan fee	9.1	908
Securities transaction costs and settlement charges		297
Printing charges		177
Auditors' remuneration	13	416
Shariah advisors fee		83
Bank charges		163
Formation cost		59
Total expenses		<u>21,722</u>
Net income for the period from operating activities before taxation		235,260
Taxation	14	-
Net income for the period after taxation		<u>235,260</u>
Allocation of net income for the period		
Net income for the period after taxation		235,260
Income already paid on redemption of units		(197,310)
		37,950
Accounting income available for distribution:		
Relating to capital gains		831
Excluding capital gains		37,119
		<u>37,950</u>
Earnings per unit	3.11	

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Savings Fund
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM MARCH 17, 2024 TO JUNE 30, 2024

For the period from
March 17, 2024 to
June 30, 2024
(Rupees in '000)

Net income for the period after taxation	235,260
Other comprehensive income	-
Total comprehensive income for the period	235,260

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Savings Fund
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
For the year ended June 30, 2024

For the period from
March 17, 2024 to June 30, 2024

	Capital value	Undistributed income	Total
	(Rupees in '000)		
Net assets at beginning of the period	-	-	-
Issue of 123,274,678 units			
Capital value (at net asset value per unit at the beginning of the period)	12,327,468	-	12,327,468
Element of income	404,794	-	404,794
Total proceeds on issue of units	12,732,262	-	12,732,262
Redemption of 70,874,834 units			
Capital value (at net asset value per unit at the beginning of the period)	(7,087,483)	-	(7,087,483)
Income already paid on redemption of units	-	(197,310)	(197,310)
Element of loss	(148,930)	-	(148,930)
Total payments on redemption of units	(7,236,413)	(197,310)	(7,433,723)
Total comprehensive income for the period	-	235,260	235,260
Rs. 5.75 per unit declared on June 28, 2024 as cash dividend			
Distribution during the period	-	(30,984)	(30,984)
Refund of capital	(254,196)	-	(254,196)
	(254,196)	204,276	(49,920)
Net assets at end of the period	5,241,653	6,966	5,248,619

Accounting income available for distribution:

Relating to capital gains	831
Excluding capital gains	37,119
	37,950
Distribution during the period	(30,984)
Undistributed income carried forward:	6,966
Undistributed income carried forward	
Realised	2,674
Unrealised	4,292
	6,966
	Rupees
Net assets value per unit at end of the period	100.1648

The annexed notes 1 to 24 form an integral part of these financial statements.

For HBL Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

HBL Islamic Savings Fund
CASH FLOW STATEMENT
For the year ended June 30, 2024

For the period from
March 17, 2024 to
June 30, 2024

(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	235,260
Adjustments for:	
Capital loss on sale of investments - net	120
Income from government securities	(22,550)
Income from corporate sukuk bonds	(14,188)
Profit on bank deposit	(108,811)
Markup income on musharakah	(75,972)
Markup income on bai-muajjal	(31,289)
Unrealised gain on re-measurement of investments at fair value through profit or loss - net	(4,292)
	(21,722)
Increase in assets	
Investments - net	(3,138,131)
Increase in liabilities	
Payable to the Management Company	9,776
Payable to the Trustee	280
Payable to the Securities and Exchange Commission of Pakistan	338
Accrued expenses and other liabilities	24,094
	34,488
Cash used in operations	(3,125,365)
Markup income received on musharakah	67,323
Markup income received on bai-muajjal	11,920
Profit received on bank deposits	80,832
	160,075
Net cash used in operating activities	(2,965,290)
CASH FLOWS FROM FINANCING ACTIVITIES	
Amount received on issue of units	12,478,066
Payment against redemption of units	(7,433,723)
Dividend paid	(30,944)
Net cash generated from financing activities	5,013,399
Net increase in cash and cash equivalents	2,048,109
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	2,048,109

4

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 HBL Islamic Savings Fund ("the Fund") was established under a Trust Deed, dated September 09, 2023, executed between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan authorised the Fund as a unit trust and has registered the Fund as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 Regulations") vide letter No. SCD/AMCW/HBLISF/2023/137/NF-FE-140 dated 27th September, 2023.
- 1.2 The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the Management Company is situated 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.
- 1.3 The Fund is an open-ended mutual fund. The Fund has been categorised as a Shariah Compliant Money Market Scheme as per the criteria laid down by the SECP for categorisation of open-end Collective Investment Schemes (CIS). The units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Management Company may introduce maximum of Five Allocation Plans, one perpetual and four fixed term.
- 1.4 The objective of the Fund is to seek high liquidity, competitive return and maximum possible preservation of capital for investors by investing in low risk Shariah compliant securities.
- 1.5 Title to the assets of the Fund is held in the name of CDC as Trustee of the Fund.
- 1.6 VIS Credit Rating Company has assigned a management quality rating of AM1 (Stable Outlook) to the Management Company on December 29, 2023. Since it is a newly launched fund, rating process of the Fund will be process after a period of six months, therefore the fund is not rated as at June 30, 2024.

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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984; and
- The NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

The Income statement, statement of comprehensive income, statement of cash flows and statement of movement in unitholder's Fund for the period ended June 30, 2024 does not represent a full year as fund was launch on March 17, 2024.

2.2 New amendments that are effective for the period ended June 30, 2024

The following amendments are effective for the period ended June 30, 2024. These amendments are either not relevant to the Funds operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

2.2 Standard and amendments to IFRS that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments and standards 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 IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with 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 IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – 'Insurance Contracts' (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

Other than the aforesaid amendments, 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 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

2.3 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and measurement of financial assets (notes 3.1.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Provision (note 3.3)
- Taxation (notes 3.4 and 14)
- Classification and measurements of financial liabilities (note 3.1.2.1)
- Contingencies and commitments (note 11)

The revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees which is the Fund's functional and presentation currency.

2.5 Basis of measurement

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied in these financial statements.

3.1 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.

3.1.1 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.

3.1.1.1 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 (OCI), profit 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 fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss 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. The Fund has opted to recognise its debt investments fair value through profit or loss (FVTPL).

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities:

The government 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) which are based on the remaining tenor of the securities. Moreover, listed government securities traded on Pakistan Stock Exchange are valued at rates quoted on Pakistan Stock Exchange (PSX).

Basis of valuation of debt securities:

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

The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned circulars after taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk.

3.1.1.3 Impairment of financial assets

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.

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 until further instruction.

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.

3.1.1.4 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.

3.1.2 Financial liabilities**3.1.2.1 Classification and measurement of financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest rate 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 the Fund has opted to measure them at fair value through profit or loss.

3.1.2.2 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.

3.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 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 the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.4 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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.

3.5 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the period also includes portion of income already paid on units redeemed during the period.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

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

3.6 Issue and redemption of units

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

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

3.7 Element of income

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.8 Net asset value per unit

The Net Asset Value (NAV) per unit, as 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 period end.

3.9 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on re-measurement of investments 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Income / profit from investments in musharakah and bai-muajjal sukuks, and shariah compliant government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

3.10 Expenses

All expenses chargeable to the Fund including remuneration of Management Company, Trustee fee and the SECP fee are recognised in the income statement on an accrual basis.

3.11 Earnings per unit

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

		June 30, 2024 (Rupees in '000)
4.	BANK BALANCES	Note
	Savings accounts	4.1 <u>2,048,109</u>

4.1 These carry profits at the rates ranging between 19.10% to 19.90% per annum and include, Rs. 1,620.83 million maintained with Habib Bank Limited (related party) which carries profit at the rate of 19.90% per annum.

		June 30, 2024 (Rupees in '000)
5.	INVESTMENTS	Note
Financial asset at fair value through profit or loss		
	Government of Pakistan (GOP) Ijara Sukuk (Fixed)	5.1 <u>652,133</u>
	Corporate sukuk bonds	5.2 <u>245,000</u>
	Bai Muajjal	5.3 <u>642,825</u>
	Musharika Certificates	5.4 <u>1,624,895</u>
		<u><u>3,164,853</u></u>

5.1 Government of Pakistan Ijarah Sukuks - (Fixed)

Name of security	Issue date	Face Value			As at June 30, 2024			Market value as a percentage of Net Asset	Market value as a percentage of Total investments	
		As at March 17, 2024	Purchases made during the period	Sales / matured during the period	As at June 30, 2024	Carrying value	Market value			Unrealised gain / (loss)
(Rupees in '000)										
Listed Ijara Sukuk										
GOP Ijarah -1 Year - (Fixed)*	April 26, 2024	-	750,000	-	750,000	647,841	652,133	4,292	12.42	20.61
Total - as at June 30, 2024						647,841	652,133	4,292		

*These GOP ijara carry effective yield of 19.99% per annum.

5.2 Corporate sukuk bonds

Name of the investee company	Issue date	Face Value			As at June 30, 2024			Market value as a percentage of Net Asset	Market value as a percentage of Total investments	
		As at March 17, 2024	Purchases made during the period	Sales / matured during the period	As at June 30, 2024	Carrying value	Market value			Unrealised gain
(Rupees in '000)										
Lucky Electric Power Company Limited*	March 26, 2024	-	245	-	245	245,000	245,000	-	4.67	7.74
Total - as at June 30, 2024						245,000	245,000	-		

*This carry profit rate of 21.85% per annum.

5.2.1 Significant terms and conditions of corporate sukuk bond as at June 30, 2024 are as follows:

Name of the investee company	Payment term	Remaining principal (per sukuk bond)	Profit rate (per annum)	Issue date	Maturity date
Lucky Electric Power Company Limited	Semi Annually	1,000,000	3 Month Kibor + 0.25%	March 26, 2024	September 26, 2024

5.3 Bai-Muajjal

Investee company	Issue date	Maturity Date	Profit rate	Face value			At June 30, 2024				Market value as a percentage of net assets	Market value as a percentage of total investments
				As at March 17, 2024	Placemrnt made during the period	Sales / matured during the period	As at June 30, 2024	Carrying value	Market value	Unrealised gain / (loss)		
(Rupees '000')												
Pak Oman Investment Company Limited	May 10, 2024	June 11, 2024	21.15	-	600,000	600,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	May 10, 2024	July 12, 2024	21.15	-	600,000	-	600,000	642,825	642,825	-	12.25	20.31
Total as at June 30, 2024						642,825	642,825	-				

5.4 Musharika Certificates

Name of the Investee company	Profit Rate	Issue date	Maturity Date	Face value			As at June 30, 2024			Market value as a percentage of Net Asset	Market value as a percentage of Total Investments
				As at March 17, 2024	Purchased during the period	Matured during the period	As at June 30, 2024	Carrying value	Market value		
----- (Rupees in '000) -----											
Pak Kuwait Investment Company Limited	21.10	March 28, 2024	April 30, 2024	-	271,000	271,000	-	-	-	-	-
United Bank Limited	21.30	April 16, 2024	April 26, 2024	-	520,000	520,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	20.95	April 16, 2024	May 03, 2024	-	249,000	249,000	-	-	-	-	-
Faysal Bank Limited	21.15	April 17, 2024	April 26, 2024	-	550,000	550,000	-	-	-	-	-
Meezan Bank Limited	20.85	April 26, 2024	April 29, 2024	-	600,000	600,000	-	-	-	-	-
Faysal Bank Limited	21.15	April 26, 2024	April 29, 2024	-	600,000	600,000	-	-	-	-	-
United Bank Limited	21.30	April 30, 2024	May 10, 2024	-	600,000	600,000	-	-	-	-	-
Faysal Bank Limited	21.15	May 03, 2024	May 10, 2024	-	625,000	625,000	-	-	-	-	-
Faysal Bank Limited	21.15	May 10, 2024	May 17, 2024	-	650,000	650,000	-	-	-	-	-
United Bank Limited	21.30	May 13, 2024	May 24, 2024	-	650,000	650,000	-	-	-	-	-
Allied Bank Limited	21.05	May 13, 2024	May 14, 2024	-	450,000	450,000	-	-	-	-	-
Allied Bank Limited	21.05	May 14, 2024	May 15, 2024	-	650,000	650,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.00	May 17, 2024	June 14, 2024	-	465,000	465,000	-	-	-	-	-
Allied Bank Limited	21.05	May 17, 2024	May 20, 2024	-	300,000	300,000	-	-	-	-	-
Faysal Bank Limited	21.15	May 17, 2024	May 31, 2024	-	700,000	700,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	21.00	May 20, 2024	May 23, 2024	-	450,000	450,000	-	-	-	-	-
United Bank Limited	21.30	May 29, 2024	June 07, 2024	-	750,000	750,000	-	-	-	-	-
Faysal Bank Limited	21.15	May 31, 2024	June 07, 2024	-	750,000	750,000	-	-	-	-	-
Faysal Bank Limited	21.10	June 07, 2024	June 11, 2024	-	750,000	750,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	19.50	June 11, 2024	June 26, 2024	-	300,000	300,000	-	-	-	-	-
Faysal Bank Limited	19.60	June 11, 2024	June 14, 2024	-	775,000	775,000	-	-	-	-	-
United Bank Limited	19.80	June 11, 2024	June 21, 2024	-	775,000	775,000	-	-	-	-	-
United Bank Limited	19.60	June 14, 2024	June 20, 2024	-	775,000	775,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	19.70	June 14, 2024	July 15, 2024	-	472,491	-	472,491	472,491	472,491	-	9.00
Faysal Bank Limited	19.60	June 20, 2024	June 28, 2024	-	800,000	800,000	-	-	-	-	-
Meezan Bank Limited	19.30	June 21, 2024	June 24, 2024	-	825,000	825,000	-	-	-	-	-
United Bank Limited	19.80	June 24, 2024	July 05, 2024	-	850,000	-	850,000	850,000	850,000	-	16.19
Pak Kuwait Investment Company Limited	19.70	June 26, 2024	August 01, 2024	-	302,404	-	302,404	302,404	302,404	-	5.76
Total as at June 30, 2024							1,624,895	1,624,895	1,624,895	-	

5.3 Unrealised gain on re-measurement of investments at 'fair value through profit or loss' - net

	Note	June 30, 2024 (Rupees in '000)
Market value of investments	5.1, 5.2, 5.3 & 5.4	3,164,853
Carrying value of investments	5.1, 5.2, 5.3 & 5.4	(2,670,561)
		494,292

6. PROFIT / MARK-UP RECEIVABLE

Profit receivable on:		
Bank deposits	6.1	27,979
Corporate sukuk		14,188
Bai-muajjal		19,369
Musharakah		8,649
		70,185

6.1 These includes Rs. 7.929 million receivable from Habib Bank Limited, which is a related party.

	Note	June 30, 2024 (Rupees in '000)
7. PAYABLE TO THE MANAGEMENT COMPANY		
Remuneration payable to the Management Company	7.1	6,760
Sindh Sales Tax payable on Management Company's remuneration	7.2	879
Sales load payable		774
Formation cost payable		59
Allocated expenses	7.3	-
Selling and marketing expense payable	7.4	1,304
		<u>9,776</u>

7.1 As per Regulation 61 of the NBFC Regulation, the Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the offering document, further subject to the guidelines as may be issued by the Commission from time to time. During the period, the fee is being charged at the rate ranging from 0.40% to 1.50% of the average annual net assets accordingly. The fee is payable monthly in arrears.

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

7.3 As per Regulation 60(3) of the amended NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the CIS. During the period, the fee is being charged at the rate ranging from 0.07% to 0.09% of the average annual net assets accordingly.

7.4 As per Regulation 60(3) of the amended NBFC Regulations, selling and marketing expenses is allowed on all categories of open end mutual funds, except fund of funds with no cap. During the period, the fee is being charged at the rate ranging from 0.07% to 0.12% of the average annual net assets accordingly.

	Note	June 30, 2024 (Rupees in '000)
8. PAYABLE TO THE TRUSTEE		
Trustee fee payable	8.1	248
Sindh Sales Tax payable on remuneration of the Trustee	8.2	32
		<u>280</u>

8.1 As per CDC vide notification CDC/CEO/L-259/01/2021, dated October 11, 2021, Trustee fee shall be charged at the rate of 0.055% of the average annual net assets of the Fund. During the period, Management Company has charged the Trustee fee accordingly.

8.2 Sindh Sales Tax at the rate of 13% is applicable on Trustee fee as per Sindh Sales Tax on Services Act, 2011.

	Note	June 30, 2024 (Rupees in '000)
9. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
SECP fee payable	9.1	<u>338</u>

9.1 As per Regulation 62 of the NBFC Regulations, a Collective Investment Scheme (CIS) categorised as an money market scheme is required to pay as monthly fee to the SECP, an amount equal to 0.075% of the average net assets of the Scheme. During the period, Management Company has charged the fee accordingly. The fee is payable monthly in arrears.

		June 30, 2024
		(Rupees in '000)
10.	ACCRUED EXPENSES AND OTHER LIABILITIES	
	Withholding tax payable	23,084
	Auditors' remuneration	416
	Shariah advisory fee payable	62
	Printing payable	170
	Other payables	362
		<u>24,094</u>
11.	CONTINGENCIES AND COMMITMENTS	
	There were no contingencies and commitments as at June 30, 2024.	
		For the period from March 17, 2024 to June 30, 2024
		(Number of Units)
12.	NUMBER OF UNITS IN ISSUE	
	Total units in issue at the beginning of the period	-
	Units issued during the period	123,274,678
	Units redeemed during the period	<u>(70,874,834)</u>
	Total units in issue at the end of the period	<u>52,399,844</u>
		For the period from March 17, 2024 to June 30, 2024
		(Rupees in '000)
13.	AUDITORS' REMUNERATION	
	Annual audit fee	300
	Other certification and services	50
	Out of pocket expenses	35
		<u>385</u>
	Sindh Sales Tax on services	31
		<u>416</u>
14.	TAXATION	

The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the accumulated losses and capital gains whether realised or unrealised, is distributed to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded a tax liability in the current period, as the Management Company has distributed atleast 90% of the Fund's accounting income as reduced by accumulated losses and capital gains whether realised or unrealised for the period ended June 30, 2024 to its unit holders.

15. Total Expense Ratio

The total expense ratio (TER) of the Fund based on the current year results is 1.79% which includes 0.25% representing Government Levies and the SECP Fee. The prescribed limit for the ratio excluding Government levies is 2% under the NBFC Regulations for a Collective Investment Scheme categorised as an 'Money Market Fund'.

16. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include HBL Asset Management Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material profit, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

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

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

Details of the transactions with connected persons and balances with them are as follows:

	For the period from March 17, 2024 to June 30, 2024 (Rupees in '000)
16.1 Details of transactions with related parties / connected persons during the period:	
HBL Asset Management Limited - Management Company	
Remuneration of the Management Company	15,542
Sindh Sales Tax on remuneration of the Management Company	2,020
Allocated expenses	59
Selling and marketing expense	1,245
Central Depository Company of Pakistan Limited - Trustee	
Trustee remuneration	666
Sindh Sales Tax payable on the Trustee fee	87
Central Depository Service charges	98
	For the period from March 17, 2024 to June 30, 2024 (Rupees in '000)
Habib Bank Limited - Sponsors	
Bank charges	98
Profit on bank deposit earned	30,060
Directors and executives of the Management Company	
Issue of 475,640 units	48,177
Redemption of 321,705 units	33,917

16.2	Balances outstanding as at period end	June 30, 2024 (Rupees '000)
	HBL Asset Management Limited - Management Company	
	Remuneration payable to the Management Company	6,760
	Sindh Sales Tax payable on Management Company's remuneration	879
	Sales load payable	774
	Selling and marketing expense payable	1,304
	Formation cost payable	59
	Central Depository Company of Pakistan Limited - Trustee	
	Trustee fee payable	248
	Sindh Sales Tax payable on Trustee fee	32
	Habib Bank Limited - Sponsor	
	Bank balances	1,620,830
	Profit Receivable	7,929
	Directors and executives of the Management Company	
	Units held: 153,936 units	15,419

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As per the requirements of IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair Value Measurement), the Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Particulars	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
Financial assets measured at fair value							
Government of Pakistan (GOP) Ijara Sukuk	652,133	-	652,133	652,133	-	-	652,133
Corporate sukuk bonds	245,000	-	245,000	-	245,000	-	245,000
Bai Muajjal	642,825	-	642,825	-	-	642,825	642,825
Musharika Certificates	1,624,895	-	1,624,895	-	-	1,624,895	1,624,895
	3,164,853	-	3,164,853	652,133	245,000	-	3,164,853
Financial assets not measured at fair value							
Bank balance	-	2,048,109	2,048,109				
Profit / markup receivable	-	70,185	70,185				
	-	2,118,294	2,118,294				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	8,897	8,897				
Payable to the Trustee	-	248	248				
Accrued expenses and other liabilities	-	979	979				
	-	10,124	10,124				

18. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, profit rate and other price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the investment committee which provide broad guidelines for management of above mentioned risks. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

18.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors of the Management Company and the regulations laid down by the SECP, the NBFC Regulations and the NBFC Rules.

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

18.1.1 Currency risk

Currency risk 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 all transactions are carried out in Pakistan Rupees.

18.1.2 Yield / profit rate risk

Yield / profit 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 profit rates. As of June 30, 2024, the Fund is exposed to such risk on bank balances, investments in Bai mujjal, Musharakah certificates, corporate sukuks and GOP ijara sukuks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2024 details of Fund's profit bearing financial instruments were as follows:

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the period and net assets of the Fund would have been higher / lower by Rs. 20.48 million.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2024, the Fund holds GOP ijara sukuks, musharakah certificates, corporate sukuks and bai-mujjal which are fixed rate instruments exposing the Fund to fair value profit rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2024, the net income for the period and net assets would be lower / higher by Rs. 31.6 million.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

	June 30, 2024					Total
	Yield / effective profit rate	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit risk	
	----- % -----	----- Rupees in '000 -----				
On-balance sheet financial instruments						
Financial Assets						
Bank balances	19.10 - 19.90	2,048,109	-	-	-	2,048,109
Investments						
Government of Pakistan (GOP) Ijara Sukuk	19.99	-	652,133	-	-	652,133
Corporate sukuk bonds	21.85	-	245,000	-	-	245,000
Musharika Certificates	19.30 - 21.85	1,624,895	-	-	-	1,624,895
Bai Muajjal	21.15	642,825	-	-	-	642,825
Profit receivable		-	-	-	70,185	70,185
Sub total		4,315,829	897,133	-	70,185	5,283,147
Financial Liabilities						
Payable to the Management Company		-	-	-	8,897	8,897
Payable to the Trustee		-	-	-	248	248
Accrued expenses and other liabilities		-	-	-	979	979
		-	-	-	10,124	10,124
On-balance sheet gap		4,315,829	897,133	-	60,061	5,273,023
Total profit rate sensitivity gap		4,315,829	897,133	-		
Cumulative profit rate sensitivity gap		4,315,829	897,133	-		

18.1.3 Price risk

Price 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 prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

18.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counterparty credit risks on investments in musharakah certificates, bank balances, corporate sukuk and bai-mujjal. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from bank balances, investment in musharakah certificates and bai-mujjal is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2024	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- (Rupees in '000) -----	
Bank Balances	2,048,109	2,048,109
Government of Pakistan (GOP) Ijara Sukuk (Fixed)	652,133	-
Corporate sukuk bonds	245,000	245,000
Musharika Certificates	1,624,895	1,624,895
Bai Muajjal	642,825	642,825
Profit receivable	70,185	70,185
	5,283,147	4,631,014

18.2.1 The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2024:

Name of Banks	Balances held as at June 30, 2024	Latest available published rating as at June 30, 2024	Rating agency
-----Rupees in '000-----			
Bank Balances by rating category			
United Bank Limited	136,287	A-1+	VIS
Habib Bank Limited	1,094,714	A-1+	PACRA
Faysal Bank Limited	817,109	A-1+	VIS
	2,048,110		

The analysis below summarises the credit quality of the Fund's credit exposure:

	June 30, 2024
	--%--
A-1+	100

Concentration of credit risk

Investment in treasury bills do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and management does not expect to incur any credit loss on such investments.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

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 counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery.

18.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. 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 applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the unit holder's option, however, the Fund does not anticipate significant redemption of units.

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

	June 30, 2024					
	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
	----- Rupees in '000 -----					
Financial assets						
Bank balances	2,048,109	-	-	-	-	2,048,109
Investments	-	2,512,720	652,133	-	-	3,164,853
Profit receivable	70,185	-	-	-	-	70,185
	2,118,294	2,512,720	652,133	-	-	5,283,147
Financial liabilities						
Payable to the Management Company	8,897	-	-	-	-	8,897
Payable to the Trustee	248	-	-	-	-	248
Dividend payable	-	-	-	-	-	-
Accrued expenses and other liabilities	979	-	-	-	-	979
	10,124	-	-	-	-	10,124
On-balance sheet gap	2,108,170	2,512,720	652,133	-	-	5,273,023
Total liquidity risk sensitivity gap	2,108,170	2,512,720	652,133	-	-	
Cumulative liquidity risk sensitivity gap	2,108,170	4,620,890	5,273,023	5,273,023	5,273,023	

19. UNITS HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. Unit holders fund risk management is carried out by the Management Company through following steps:

Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to the unit holders;

Redeems and issues units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and

The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators, e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current period.

20. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund as on June 30, 2024 are as follows:

S. No.	Names	Designation	Qualifications	Experience in years
1.	Mir Adil Rashid	Chief Executive Officer	BSc	25
2.	Muhammad Ali Bhabha	Chief Investment Officer	CFA, FRM, MBA	29
3.	Rahat Saeed Khan	Head of Fixed Income	MBA	27
4.	Imad Ansari	Head of Risk	MBA	17
5.	Ahsan Ali	Head of Research	CFA	8
6.	Raza Abbas	Senior Fund Manager	M.Com	21

21. PATTERN OF UNIT HOLDING

Pattern of unit holding as at June 30, 2024 is as follows:

Category	Number of unit holders	Number of units held	Investment amount	Percentage
			Rupees in '000'	----%----
Individuals	447	43,304,786	4,337,615	82.64
Insurance Companies	7	2,028,629	203,197	3.87
Trust	1	306,670	30,718	0.59
Retirement Funds	2	543,502	54,440	1.04
Other corporates	2	6,216,257	622,648	11.86
	459	52,399,844	5,248,618	100

26. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Six meetings of the Board of Directors were held on August 25, 2023, October 20, 2023, October 27, 2023, January 25, 2024, February 16, 2024 and April 26, 2024, respectively. Information in respect of the attendance by the Directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave Granted	
1 Mr. Shahid Ghaffar	6	6	-	-
2 Ms. Ava A. Cowasjee	6	6	-	-
3 Mr. Rayomond H. Kotwal	6	5	1	October 27, 2023.
4 Mr. Abrar Ahmed Mir	6	6	-	-
5 Mr. Tariq Masaud	6	6	-	-
6 Mr. Abid Sattar	6	6	-	-
7 Mr. Khalid Malik	6	6	-	-

23. GENERAL

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

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2024 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director



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