

# PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

Regd Office: Mezzanine Floor, Trading Hall, Stock Exchange Building, Stock Exchange Road,  
Off I.I Chundrigar Road, Karachi.

Tel: 021-32401278, E-mail: secretariat@psba.pk, Web: www.psba.pk, Fax: 021-32401279

*Bilal Farooq Zardi*  
Secretary General

Ref: PSBA/S0821-01

August 31, 2021

**MR. AAMIR KHAN**

Chairman

Securities and Exchange Commission of Pakistan

Islamabad.

Subject: **CLOSED-END MUTUAL FUNDS WITH FROZEN SHARES**

Dear Sir,

This is with reference to the subject captioned above, we have been approached by our members with a request to take up the matter with your esteemed authority.

As you're aware that there are two closed-end mutual funds namely HBL Growth Fund and HBL Investment Fund whose underlying assets comprise of 'frozen' shares of government-owned entities, since over a decade now. Investors in these funds are facing serious and undue investment risk as by their nature closed-end funds historically trade at a significant discount (averaging 60% over the past years) to their NAV.

Presently, the NAV of HBL Growth Fund (Class A, AUM PKR 6.8 billion) is PKR 23.53 whereas the market price is PKR 8.3 per share (64% discount), while HBL Investment Fund (Class A, AUM PKR 2.5 billion) with a NAV of PKR 8.53 per share is traded at PKR 3.3 per share (60% discount).

In this regard, we urge your good self to kindly come forward and taking into consideration significant portfolio value erosion sustained by investors, take necessary measures in the larger interests of investing community.

We may also have a meeting in case it requires further discussion.

Regards,





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/HBLAMC/ 69/2021

September 9, 2021

**Mr. Bilal Farooq Zardi**  
Secretary General  
Pakistan Stock Brokers Association  
Mezzanine Floor, Trading Hall  
Stock Exchange Building  
Stock Exchange Road  
I.I. Chundrigar Road  
Karachi.

**Subject: Closed-End Mutual Funds with Frozen Shares**

Dear Sir,

This is with reference to your letter dated August 31, 2021 on the subject noted above.

2. In this regard, please note that the Securities and Exchange Commission of Pakistan (SECP) fully recognizes the disadvantageous position of investors of Class A frozen shares of HBL Investment Fund and HBL Growth Fund in realizing the net asset value of their investment. The Commission is making all efforts to resolve the matter in the best interest of the investors, *inter alia* the following measures::

- i. SECP advised the HBL Asset Management Ltd. ("HBL AMC/Company") to cease charging of selling and marketing expenses to Class 'A' segments of both HBL Investment Fund and HBL Growth Funds (containing frozen portfolios of PSO and SNGP). The AMC has accordingly, stopped charging of selling and marketing expenses to these funds effective Nov 1, 2020.
  - ii. On Commission advise, the Company has reduced the management fees for the Class A segments of both the Funds from 2% to 1.5% (effective Feb 10, 2021).
  - iii. Honorable Chairman SECP has raised the matter with Secretary Ministry of Petroleum (MOP) for appropriate decision on frozen shares considering the interest of unitholders. The matter is being followed up with MOP for appropriate action.
  - iv. HBL AMC, on instructions of SECP has requested the relevant ministry for resolving the matter relating to 'frozen shares' of PSO and SNGPL in the best interest of unitholders.
3. SECP is committed to continue its efforts to resolve the issue in the best interest of unitholders.

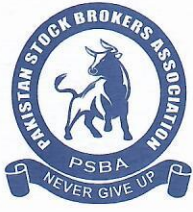
Yours truly,

  
**Murtaza Abbas**

Joint Director, SCD-PRDD

..مختار عباس





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**Bilal Farooq Zardi**  
Secretary General

Ref: PSBA/S0921-01

September 21, 2021

**MR. AAMIR KHAN**  
Chairman  
Securities and Exchange Commission of Pakistan  
Islamabad.

**Subject: CLOSED END MUTUAL FUNDS WITH FROZEN SHARES**

Dear Sir,

This is in response to your letter dated September 9, 2021, on the above subject matter, the Pakistan Stock Brokers Association (PSBA) applauds the decisive measures taken in Point number (i) and (iii) by your good office. However, with regards to points (ii) and (iv) we would like to submit as under:

**Point no (ii):** It is our understanding that an opportunity to reconsider the management fees in the interest of unit-holders was provided to the board of HBL AMC following a request submitted by one of our members in August 2020. Thereafter, the board reduced fees to the extent of a token amount of 0.5%, which is quite unjustified. It is also important to mention here that the said Board has no representation of the unit-holders. Also, it is imperative to highlight here that this is the same Board that has willfully chosen to take advantage of unit-holders money by charging fees for the work it never undertook. Therefore, we hereby urge SECP to take a unilateral approach and bring management fees to zero percent while allowing only actual realized expenses for these funds.

**Point no (iv):** Considering the large size of these funds and the management fees thereon, it looks that some delaying tactics may be applied. Therefore, we request your good self to personally take over the task of unfreezing the shares urgently by communicating directly with all relevant ministries to ensure that the process is completed soon.

We hope you concur with the above concerns and will take the necessary steps to address the same.

Moreover, we would also like to take this opportunity to discuss the issue thru a ZOOM call with your office at your convenience.

Best Regards,

Cc:

**Mr. Murtaza Abbas - Joint Director, SCD-PRDD - SECP**