



HBL MultiAssetFund

Half Yearly Report
December 31, 2014
(Un-audited)

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HBL MULTI ASSET FUND

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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Directors	Mr. Rehan N. Shaikh	(Executive Director)
	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Salim Amlani	(Non-Executive Director)
	Ms. Sima Kamil	(Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

Chairman	Mr. Salim Amlani	(Non-Executive Director)
Members	Mr. Rizwan Haider	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)

Human Resource Committee

Chairperson	Ms. Sima Kamil	(Non-Executive Director)
Members	Ms. Sadia Khan	(Independent Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director)

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	Mr. Salim Amlani	(Non-Executive Director)
	Mr. Salahuddin Manzoor	(Non-Executive Director)
	Mr. Rehan N. Shaikh	(Executive Director)

Company Secretary & Chief Financial Officer

Mr. Noman Qurban

External Auditors

KPMG Taseer Hadi & Co., Chartered Accountants,
Sheikh Sultan Trust Building No 02
Beaumont Road, Karachi-75530, Pakistan

Internal Auditors

A.F. Ferguson & Co., Chartered Accountants,
State Life Building No. 1-C, I.I Chundrigar Road,
P.O. Box 4716, Karachi.

Trustee

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

Legal Advisors

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

Website

www.hblasset.com

Head Office

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

Registered Office

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

FUND INFORMATION

NAME OF FUND **HBL Multi Asset Fund**

FUND MANAGER **Mr. Asif Mobin**

NAME OF AUDITORS

External Auditors **KPMG Taseer Hadi & Co., Chartered Accountants.**

Internal Auditors **A.F. Ferguson & Co., Chartered Accountants.**

NAME OF BANKERS

Allied Bank Limited
Askari bank Limited
Faysal Bank Limited
Bank AlFalah Limited
Bank Al Habib Limited
MCB Bank Limited
Habib Bank Limited
NIB Bank Limited

TRUSTEE REPORT TO THE UNIT HOLDERS

HBL MULTI ASSET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of **HBL Multi Asset Fund** (the Fund) are of the opinion that HBL Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

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

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 24, 2015

**AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL
INFORMATION TO THE UNIT HOLDERS**

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **HBL Multi Asset Fund** ("the Fund") as at December 31, 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other matters

The figures for the quarter ended December 31, 2014 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 27, 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

HBL MULTI ASSET FUND
Condensed Interim Statement of Assets and Liabilities
As at December 31, 2014

	Note	December 31, 2014 (Un-Audited) (Rupees in '000)	June 30, 2014 (Audited)
Assets			
Bank balances	4	125,908	102,750
Investments	5	613,977	541,574
Dividend receivable and accrued mark-up	6	3,617	3,169
Advances, deposits and other receivables	7	30,417	110,489
Total assets		773,919	757,982
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	2,780	2,303
Payable to Central Depository Company of Pakistan Limited - Trustee		129	121
Payable to Securities and Exchange Commission of Pakistan		326	545
Accrued expenses and other liabilities	9	12,825	11,321
Total liabilities		16,060	14,290
Net assets		757,859	743,692
Unit holders' fund (as per statement attached)		757,859	743,692
		(Number of units)	
Number of units in issue		7,871,934	7,791,399
		(Rupees)	
Net assets value per unit		96.2735	95.4504

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND
Condensed Interim Income Statement (Un-Audited)
For the half year ended December 31, 2014

	Note	Half year ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
Income					
Dividend income		11,653	16,400	6,757	9,828
Mark-up on deposits with banks		4,553	2,484	1,625	1,789
Mark-up / return on investments		8,650	6,492	4,966	2,633
Capital gain on sale of investments - net		6,112	71,869	3,796	60,450
		30,968	97,245	17,144	74,700
Reversal of provision against non-performing Term Finance Certificates		-	961	-	801
Impairment loss on equity securities classified as available for sale - net		(15,833)	-	(15,833)	-
		15,135	98,206	1,311	75,501
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		10,235	8,065	5,138	3,987
Remuneration of Central Depository Company of Pakistan Limited - Trustee		767	599	767	296
Annual fee of Securities and Exchange Commission of Pakistan		326	255	164	126
Auditors' remuneration		236	210	76	105
Settlement and bank charges		397	141	319	78
Other expenses		70	85	1	43
		12,031	9,355	6,465	4,635
Net income from operating activities		3,104	88,851	(5,154)	70,866
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(78)	(548)	(30)	179
Provision for Workers' Welfare Fund	10	(59)	(2,022)	99	(1,676)
Net income for the period before taxation		2,967	86,281	(5,085)	69,369
Taxation	11	-	-	-	-
Net income for the period after taxation		2,967	86,281	(5,085)	69,369
Earning per unit	12				

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the half year ended December 31, 2014

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2014	2013	2014	2013
	----- (Rupees in '000) -----			
Net income for the period	2,967	86,281	(5,085)	69,369
Other comprehensive income for the period				
<i>Items to be reclassified to income statement in subsequent periods:</i>				
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	3,440	(17,334)	17,697	(3,077)
Total comprehensive income for the period	<u>6,407</u>	<u>68,947</u>	<u>12,612</u>	<u>66,292</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND
Condensed Interim Distribution Statement (Un-Audited)
For the half year ended December 31, 2014

	Half year ended December 31,	
	2014	2013
	(Rupees in '000)	
Accumulated loss brought forward - realised	(131,996)	(13,294)
Net income for the period	2,967	86,281
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that form part of unit holders' fund	8	(11,212)
Final distribution for the year ended June 30, 2014: Nil [(Year ended June 30, 2013: Rs. 15.50 per unit in the form of 750,033 bonus units) (Date of distribution: July 8, 2013)]	-	(75,912)
Accumulated loss carried forward - realised	<u>(129,021)</u>	<u>(14,137)</u>

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND**Condensed Interim Statement of Movement in Unit Holders' Fund (Un-Audited)***For the half year ended December 31, 2014*

	Half year ended December 31,	
	2014	2013
	(Rupees in '000)	
Net assets at beginning of the period [Rs. 95.4504 per unit (June 30, 2013: Rs. 116.7121 per unit)]	743,692	571,607
Issue of 299,246 units (2013: 340,767 units)	28,822	36,020
Redemption of 218,711 units (2013: 475,241 units)	(21,140)	(50,719)
Issue of bonus units: Nil (2013: 750,033 bonus units)	-	75,912
	7,682	61,213
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	78	548
Net income for the period	2,967	86,281
Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	3,440	(17,334)
Total comprehensive income for the period	6,407	68,947
Final distribution for the year ended June 30, 2014: Nil [(Year ended June 30, 2013: Rs.15.50 per unit in the form of 750,033 bonus units) (Date of distribution: July 8, 2013)]	-	(75,912)
Net assets at end of the period [Rs. 96.2735 per unit (2013: Rs. 113.6200 per unit)]	757,859	626,403

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND
Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended December 31, 2014

	Note	Half year ended	
		December 31,	
		2014	2013
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		2,967	86,281
Adjustments			
Reversal of provision against non-performing Term Finance Certificates		-	(961)
Impairment loss on equity securities classified as available for sale		15,833	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		78	548
		18,878	85,868
(Increase) / decrease in assets			
Investments - net		(84,796)	44,534
Dividend receivable and accrued mark-up		(448)	(734)
Advances, deposits and other receivables		80,072	(30,303)
		(5,172)	13,497
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		477	673
Payable to Central Depository Company of Pakistan Limited - Trustee		8	11
Payable to Securities and Exchange Commission of Pakistan		(219)	(137)
Accrued expenses and other liabilities		1,504	3,192
		1,770	3,739
Net cash generated from operating activities		15,476	103,104
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		28,822	36,020
Payment against redemption of units		(21,140)	(50,719)
Net cash generated from / (used in) financing activities		7,682	(14,699)
Net increase in cash and cash equivalents		23,158	88,405
Cash and cash equivalents at beginning of the period		102,750	47,867
Cash and cash equivalents at end of the period	4	125,908	136,272

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

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND

Notes to the Condensed Interim Financial Information (Un-Audited) For the half year ended December 31, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

HBL Multi Asset Fund (the Fund) was established under a Trust Deed, dated October 08, 2007, 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 September 28, 2007.

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

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 Lahore Stock Exchange.

The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes, such as equity securities, government securities, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.

JCR-VIS Credit Rating Agency (JCR-VIS) has assigned management quality rating of 'AM2-' to the Management Company and one year fund performance ranking at 'MFR 2-Star' and three year fund performance ranking at 'MFR 3-Star' to the Fund.

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. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2014.

4. BANK BALANCES	Note	December 31, 2014	June 30, 2014
		(Rupees in '000)	
Current account		50	-
Savings accounts	4.1	<u>125,858</u>	<u>102,750</u>
		<u>125,908</u>	<u>102,750</u>

- 4.1 This represents bank accounts held with different banks. Mark-up rates on these accounts range between 7.05% - 9% p.a (June 30, 2014: 7.05% - 9% p.a).

5. INVESTMENTS	Note	December 31, 2014	June 30, 2014
(Rupees in '000)			
At fair value through profit and loss			
- Listed equity securities	5.1	-	-
Available for sale			
- Listed equity securities	5.2	466,027	397,458
- Term Finance Certificates - Listed	5.3.1	-	-
- Term Finance Certificates - Unlisted	5.3.2	47,746	46,953
- Government Securities	5.4	100,204	97,163
		<u>613,977</u>	<u>541,574</u>

5.1 Listed equity securities - At fair value through profit and loss

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

Name of the Investee Company	Number of shares				As at December 31, 2014	Market value	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2014	Purchases during the period	Bonus / Rights issue	Sales during the period		as at December 31, 2014	Total Investments	Net Assets	
(Rupees in '000)									
Commercial Banks									
United Bank Limited	-	13,000	-	13,000	-	-	-	-	-
	-	13,000	-	13,000	-	-	-	-	-
Construction and Materials									
Lucky Cement Limited	-	13,900	-	13,900	-	-	-	-	-
	-	13,900	-	13,900	-	-	-	-	-
Oil and Gas									
Pakistan State Oil Company Limited	-	5,000	-	5,000	-	-	-	-	-
	-	5,000	-	5,000	-	-	-	-	-
	-	31,900	-	31,900	-	-	-	-	-
Cost of investments at December 31, 2014						-			

5.2 Listed equity securities - Available for sale

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

Name of the Investee Company	Number of shares				As at December 31, 2014	Market value	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2014	Purchases during the period	Bonus / Rights issue	Sales during the period		as at December 31, 2014	Total Investments	Net Assets	
(Rupees in '000)									
Commercial Banks									
Bank Al Falah Limited	975,000	-	-	975,000	-	-	-	-	-
Habib Bank Limited	242,943	123,000	-	70,000	295,943	64,001	10.42%	8.44%	0.02%
MCB Bank Limited	-	85,000	-	85,000	-	-	-	-	-
United Bank Limited	-	350,000	-	350,000	-	-	-	-	-
	1,217,943	558,000	-	1,480,000	295,943	64,001	10.42%	8.44%	-
Personal Goods									
Artistic Denim Mills Limited	-	155,500	-	-	155,500	18,464	3.01%	2.44%	-
Kohinoor Textile Mills Limited	-	724,500	-	724,500	-	-	-	-	-
Nishat Chumian Limited	-	500,000	-	500,000	-	-	-	-	-
Nishat Mills Limited	-	375,000	-	375,000	-	-	-	-	-
	-	1,755,000	-	1,599,500	155,500	18,464	3.01%	2.44%	-

Name of the Investee Company	Number of shares				Market value as at December 31, 2014	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2014	Purchases during the period	Bonus / Rights issue	Sales during the period		Total Investments	Net Assets	
(Rupees in '000)								
Construction and Materials								
Cherat Cement Company Limited	-	500,000	-	500,000	-	-	-	-
D.G.Khan Cement Company Limited	-	710,000	-	560,000	150,000	16,580	2.70%	2.19%
Kohat Cement Limited	150,000	75,500	-	225,500	-	-	-	-
Lucky Cement Limited	88	243,500	-	243,588	-	-	-	-
Maple Leaf Cement Factory Limited	-	775,000	-	775,000	-	-	-	-
Pioneer Cement Limited	-	1,254,000	-	1,254,000	-	-	-	-
	<u>150,088</u>	<u>3,558,000</u>	<u>-</u>	<u>3,558,088</u>	<u>150,000</u>	<u>16,580</u>	<u>2.70%</u>	<u>2.19%</u>
Electricity								
The Hub Power Company Limited	-	250,000	-	250,000	-	-	-	-
K-Electric Limited**	2,500,000	-	-	2,500,000	-	-	-	-
	<u>2,500,000</u>	<u>250,000</u>	<u>-</u>	<u>2,750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Oil and Gas								
Attock Refinery Limited	-	165,000	-	165,000	-	-	-	-
Oil and Gas Development Company Limited	106,507	175,000	-	281,507	-	-	-	-
Pakistan Oilfields Limited	45,600	39,100	-	84,700	-	-	-	-
Pakistan Petroleum Limited	131,500	301,000	-	131,500	301,000	53,132	8.65%	7.01%
Pakistan State Oil Company Limited	89,300	360,200	-	324,500	125,000	44,739	7.29%	5.90%
	<u>372,907</u>	<u>1,040,300</u>	<u>-</u>	<u>987,207</u>	<u>426,000</u>	<u>97,871</u>	<u>15.94%</u>	<u>12.91%</u>
Foods Producers								
Engro Foods Limited	-	200,000	-	-	200,000	21,708	3.54%	2.86%
National Foods Limited** (Note 5.2.1)	65,000	65,000	-	-	130,000	51,506	8.39%	6.80%
	<u>65,000</u>	<u>265,000</u>	<u>-</u>	<u>-</u>	<u>330,000</u>	<u>73,214</u>	<u>11.93%</u>	<u>9.66%</u>
Chemicals								
Engro Corporation Limited	255,000	200,000	-	255,000	200,000	44,302	7.22%	5.85%
Engro Fertilizer Limited	-	450,000	-	450,000	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	805,000	-	805,000	-	-	-	-
I.C.I. Pakistan Limited	102,000	25,000	-	200	126,800	58,640	9.55%	7.74%
	<u>357,000</u>	<u>1,480,000</u>	<u>-</u>	<u>1,510,200</u>	<u>326,800</u>	<u>102,942</u>	<u>16.77%</u>	<u>13.59%</u>
General Industrials								
Thall Limited**	-	200,000	-	-	200,000	53,806	8.76%	7.10%
	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>53,806</u>	<u>8.76%</u>	<u>7.10%</u>
Automobile And Parts								
Pak Suzuki Motor Company Limited	-	53,200	-	-	53,200	19,743	3.22%	2.61%
	<u>-</u>	<u>53,200</u>	<u>-</u>	<u>-</u>	<u>53,200</u>	<u>19,743</u>	<u>3.22%</u>	<u>2.61%</u>
Engineering								
Millat Tractors Limited	-	30,000	-	-	30,000	19,406	3.15%	2.56%
	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>19,406</u>	<u>3.15%</u>	<u>2.56%</u>
Pharma and Bio Tech								
Searl Company Limited	-	220,000	-	220,000	-	-	-	-
	<u>-</u>	<u>220,000</u>	<u>-</u>	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Industrial Transportation								
Pakistan National Shipping Corporation	-	287,500	-	287,500	-	-	-	-
	<u>-</u>	<u>287,500</u>	<u>-</u>	<u>287,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non Life Insurance								
Adamjee Insurance Company Limited	600,000	-	-	600,000	-	-	-	-
	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,262,938</u>	<u>9,697,000</u>	<u>-</u>	<u>12,992,495</u>	<u>1,967,443</u>	<u>466,027</u>	<u>75.90%</u>	<u>61.50%</u>

Cost of investments at December 31, 2014

416,039

** The shares of K-Electric Limited have face value of Rs. 3.5 per share and the shares of National Foods Limited and Thall Limited each have face value of Rs. 5 per share.

5.2.1 Shareholders of National Foods Limited, vide special resolution in Annual General Meeting dated October 22, 2014, approved the subdivision of the company's authorised and paid up share capital in a manner that each ordinary share at November 27, 2014 having face value of Rs. 10 each be subdivided into two ordinary shares having face value of Rs. 5 each. The market value at the book closure date i.e. November 27, 2014 was split exactly in the same ratio. The Fund had holding of 65,000 ordinary shares as of the date and consequently received 65,000 shares without any consideration.

5.2.2 Investments include shares having market value aggregating to Rs. 62.982 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular 11 dated October 23, 2007 issued by the SECP.

5.3 Term Finance Certificates - Available for sale

All Term Finance Certificates and Sukuk bonds have a face value of Rs. 5,000 each unless stated otherwise.

5.3.1 Term Finance Certificates - Listed

Name of the Investee Company	Number of certificates			As at December 31, 2014	Market value / Carrying value* as at December 31, 2014	Market value as a percentage of	
	As at July 1, 2014	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
(Rupees in '000)							
Financial Services							
Saudi Pak Leasing Company Limited - (Note 5.3.3)	6,000	-	-	6,000	-	-	-
	6,000	-	-	6,000	-	-	-
Cost of investments at December 31, 2014					15,197		

* In case of debt securities against which a provision has been made, these are carried at amortised cost less provision. For non-performing securities, market value / valuation by MUFAP is not available.

5.3.2 Term Finance Certificates and Sukuk bonds - Unlisted

Name of the Investee Company	Number of certificates			As at December 31, 2014	Market value / Carrying value* as at December 31, 2014	Market value as a percentage of	
	As at July 1, 2014	Purchases during the period	Sales / Matured during the period			Total Investments	Net Assets
(Rupees in '000)							
Commercial Banks							
Bank AL Habib Limited	3,000	-	-	3,000	17,176	2.80%	2.27%
	3,000	-	-	3,000	17,176	2.80%	2.27%
Multi Utilities							
WAPDA Sukuk	5,700	-	-	5,700	30,570	4.98%	4.03%
	5,700	-	-	5,700	30,570	4.98%	4.03%
	8,700	-	-	8,700	47,746	7.78%	6.30%
Cost of investments at December 31, 2014					43,478		

5.3.3 Saudi Pak Leasing Company Limited defaulted towards payment falling due in September 2010. Accordingly, the exposure was classified as non-performing and provision was recognised in accordance with the SECP's provisioning guidelines.

Subsequently, on the request of the Issuer, TFC holders approved the restructuring of the facility by extending repayment period from 5 years to 9 years and by reducing mark-up rate to 6% for 24 months from restructuring date and 8% for next 24 months and thereafter fixing the mark-up rate at 1 month KIBOR. Further, half of the accrued mark-up is to be paid in cash and the balance is being deferred.

The Issuer defaulted again in the payment of principal and mark-up due on September 13, 2011. In accordance with the requirements of Circular No. 33 of 2012 dated October 24, 2012 issued by the Securities Exchange Commission of Pakistan (SECP), the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non-performing exposure. Accordingly, the exposure has been fully provided.

5.3.4 Significant terms and conditions of Term Finance Certificates and Sukuk bonds outstanding at December 31, 2014 are:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Al Habib Limited	4,992	15% Fixed Rate	30-Jun-11	30-Jun-21
Saudi Pak Leasing Company Limited	2,533	6% Fixed Rate	13-Mar-08	13-Mar-17
WAPDA Sukuk	5,000	6 months KIBOR + 1%	14-Oct-13	14-Oct-21

5.4 Investment in Government Securities - Available for sale

Issue Date	Tenor	Face value				Market Value as at December 31, 2014	Market value as a percentage of	
		As at July 1, 2014	Purchases during the period	Sales / Matured during the period	As at December 31, 2014		Total Investment	Net Assets
----- (Rupees in '000) -----								
Treasury bills								
April 17, 2014	6 months	100,000	-	100,000	-	-	-	-
November 13, 2014	6 months	-	50,000	-	50,000	48,342	7.87%	6.38%
		100,000	50,000	100,000	50,000	48,342	7.87%	6.38%
Pakistan Investment Bonds								
July 18, 2013	3 years	-	100,000	100,000	-	-	-	-
July 17, 2014	3 years	-	50,000	-	50,000	51,862	8.45%	6.84%
		-	150,000	100,000	50,000	51,862	8.45%	6.84%
		100,000	200,000	200,000	100,000	100,204	16.32%	13.22%
Cost of investments at December 31, 2014					98,780			

5.5 Net unrealised appreciation / (diminution) on remeasurement of investments classified as available for sale	<i>Note</i>	December 31, 2014	June 30, 2014
(Rupees in '000)			
Market value of investments	5.2, 5.3 & 5.4	613,977	541,574
Cost of investments	5.2, 5.3 & 5.4	573,494	488,698
Provision against equity securities		(17,785)	(1,952)
Provision against Term Finance Certificates		(15,197)	(15,197)
		540,512	471,549
		73,465	70,025
6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP	<i>Note</i>	December 31, 2014	June 30, 2014
(Rupees in '000)			
Dividend receivable		325	725
Mark-up accrued on deposits with banks		-	634
Mark-up / return accrued on Government Securities		2,589	-
Mark-up / return accrued on Term Finance Certificates		703	1,810
		3,617	3,169
7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Security deposit with National Clearing Company of Pakistan Limited		3,016	3,016
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance against subscription of Term Finance Certificates (TFC)		25,000	25,000
Receivable against sales of equity shares and Term Finance Certificates		27,301	107,373
		55,417	135,489
Provision in respect of advance against subscription of Term Finance Certificates	7.1	(25,000)	(25,000)
		30,417	110,489
7.1	The Fund had subscribed towards the term finance certificates of an issuer as Pre-IPO investor on January 9, 2008. Under the agreement, the issuer was required to complete the public offering by October 9, 2008. However, no public offering has been carried out by the issuer as at December 31, 2014. In addition, profit on the advance against subscription, due after six months from the date of subscription, has also not been received by the Fund. As at December 31, 2014, the advance against subscription has been fully provided in accordance with the provisioning policy of the Fund as approved by the Board of Directors of the Management Company.		
8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	<i>Note</i>	December 31, 2014	June 30, 2014
(Rupees in '000)			
Management fee	8.1	1,272	1,210
Sindh Sales Tax	8.2	224	224
Sales load payable		1,284	869
		2,780	2,303

8.1 Under the provisions of the Non-Banking Finance Companies & Notified Entities Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of two percent per annum of the average annual net assets of the Fund for the current period.

8.2 The Sindh Government has levied Sindh Sales Tax at the rate of 15% (June 30, 2014: 16%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011 effective from July 1, 2011.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2014	June 30, 2014
(Rupees in '000)			
Auditors' remuneration		193	310
Federal Excise Duty	9.1	3,088	1,826
Other payables		61	22
Payable against redemption of units		9	4
Advance against units to be issued		10	-
Payable to brokers		870	624
Provision for Workers' Welfare Fund	10	8,594	8,535
		<u>12,825</u>	<u>11,321</u>

9.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of law. The matter has been taken up collectively by Mutual Funds Association of Pakistan, where various options are being considered. On September 09, 2013, the Honourable High Court of Sindh in a Constitutional petition relating to levy of FED on Mutual Fund has granted a stay order for the recovery of FED. As a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 3.574 million out of which Rs. 0.486 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by Rs. 0.4540 per unit.

10. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Furthermore in 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the

said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 8.594 million (including Rs. 0.059 million for the current period). Had the provision not been made, the Net Asset Value per unit of the Fund as at December 31, 2014 would have been higher by Rs. 1.0916 per unit.

11. 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 the accounting income, the income distributed through bonus units shall not be taken into account. 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 other than unrealized capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ended June 30, 2015 as reduced by capital gains (whether realised or unrealised) to its unit holders.

12. EARNINGS PER UNIT (EPU)

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

13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

13.1 Transactions during the period	Half year ended	
	December 31,	
	2014	2013
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	10,235	8,065
Habib Bank Limited - Sponsor		
Issue of bonus units: Nil (2013: 2,134,879 bonus units)	-	63,973
Bank charges paid	7	3
Mark-up earned during the period	1,382	681
Mark-up received during the period	1,457	690
Dividend income earned during the period	1,370	603
Dividend income received during the period	1,370	603

	Half year ended December 31,	
	2014	2013
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	767	599
Central Depository service charges	77	38
Directors of connected persons		
Issue of units: Nil (2013: 12,641 units)	-	1,279
Redemption of 2,062 units (2013: Nil units)	200	-
Profit earned on redemption of units	1	-
13.2 Transactions involving shares of connected persons:	Half year ended December 31,	
	2014	2013
	(Rupees in '000)	
Habib Bank Limited - Sponsor		
Purchase of 123,000 ordinary shares (2013: 70,000 ordinary shares)	23,706	11,221
Sale of 70,000 ordinary shares (2013: Nil ordinary shares)	14,466	-
Gain on sale of shares of Habib Bank Limited	4,618	-
13.3 Amounts outstanding as at period end	December 31,	June 30,
	2014	2014
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	1,272	1,210
Sindh Sales Tax	224	224
Sales load payable	1,284	869
Habib Bank Limited - Sponsor		
Investment held in the Fund: 6,262,192 units (June 30, 2014: 6,262,192 units)	602,886	597,729
Bank balances	181,372	24,196
Mark-up receivable on deposits with bank	-	75
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	129	121
Executives and their relatives		
Investment held in the Fund: 2,029 units (June 30, 2014: 2,029 units)	195	194
Directors of connected persons		
Investment held in the Fund: 269,942 units (June 30, 2014: 272,003 units)	25,988	25,963
Shares held in associated undertakings		
Ordinary shares held in Habib Bank Limited: 295,943 ordinary shares (June 30, 2014: 242,943 ordinary shares)	64,001	47,080

14. DISCLOURE UNDER CIRCULAR 16 OF 2010 ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - CATEGORISATION OF OPEN END SCHEME

The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the said circular. The Management Company classified the Fund as 'Balanced Scheme' in accordance with the said circular. As at December 31, 2014, the Fund is compliant with all the requirements of the said circular except for clause 2 (iv) which requires that the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

Name of Non-Complaint Investment	Type of Investment	Value of Investment before Provision	Provision held (if any)	Value of Investment after Provision	% of Net Assets	% of Gross Assets
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(Rupees in '000)

Saudi Pak Leasing Company Limited	TFC	15,197	15,197	-	-	-
Dewan Cement Limited	Advance	25,000	25,000	-	-	-

15. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 27, 2014.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

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