

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL MultiAssetFund

**Quarterly Report
March 31, 2016
(Un-audited)**

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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)
	Ms. Sima Kamil	(Non-Executive Director)
	Mr. Ayaz Ahmed	(Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

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

Human Resource Committee

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

Risk Management Committee

Chairman	Mr. Rizwan Haider	(Non-Executive Director)
Members	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

ERNST & YOUNG FORD RHODES SIDAT HYDER & Co.,
Chartered Accountants

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99- B, Block "B", S.M.C.H.S, Main Shahra-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 **Ms. Samia Aslam**

NAME OF AUDITORS

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

Internal Auditors **ERNST & YOUNG FORD RHODES SIDAT HYDER & Co.,
Chartered Accountants**

NAME OF BANKERS

**Allied Bank Limited
Askari bank Limited
MCB Bank Limited
Habib Bank Limited
NIB Bank Limited**

HBL MULTI ASSET FUND
Condensed Interim Statement of Assets And Liabilities
As At March 31, 2016

	Note	March 31, 2016 (Un-Audited) (Rupees in '000)	June 30, 2015 (Audited)
Assets			
Bank balances	4	4,563	54,885
Investments	5	726,801	770,006
Dividend receivable and accrued mark-up	6	6,107	4,549
Advances, deposits and other receivables	7	3,127	3,239
Total assets		740,598	832,679
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	1,652	1,522
Payable to Central Depository Company of Pakistan Limited - Trustee		261	126
Payable to Securities and Exchange Commission of Pakistan		471	646
Accrued expenses and other liabilities	9	16,195	63,136
Total liabilities		18,579	65,430
Net assets		722,019	767,249
Unit holders' fund (as per statement attached)		722,019	767,249
		(Number of units)	
Number of units in issue		7,692,211	8,077,725
		(Rupees)	
Net assets value per unit		93.8635	94.9833

The annexed notes 1 to 17 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 Nine Months & quarter ended March 31, 2016

	Note	Nine Months ended March 31,		Quarter ended March 31,	
		2016	2015	2016	2015
----- (Rupees in '000) -----					
Income					
Dividend income		14,982	16,611	4,509	4,958
Mark-up on deposits with banks		1,581	6,367	412	1,814
Mark-up / return on investments - net		14,888	12,444	5,849	3,794
Capital gain on sale of investments - net		29,725	14,167	(19,804)	8,055
Other Income		29	-	29	-
		61,205	49,589	(9,005)	18,621
Impairment loss on equity securities classified as available for sale - net		(3,177)	(19,490)	-	(3,657)
		58,028	30,099	(9,005)	14,964
Expenses					
Remuneration of HBL Asset Management Limited - Management Company		14,637	15,268	4,686	5,033
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,259	1,145	403	378
Annual fee of Securities and Exchange Commission of Pakistan		471	486	150	160
Allocation of expenses related to registrar services, accounting, operation and valuation services	10	251	-	177	-
Auditors' remuneration		321	332	97	96
Settlement and bank charges		347	448	75	51
Other expenses		149	146	11	76
		17,435	17,825	5,599	5,794
Net income from operating activities		40,593	12,274	(14,604)	9,170
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(869)	(139)	(257)	(61)
Provision for Workers' Welfare Fund	11	-	(261)	-	(202)
Net income for the period before taxation		39,724	11,874	(14,861)	8,907
Taxation	12	-	-	-	-
Net income for the period after taxation		39,724	11,874	(14,861)	8,907
Earning per unit	13				

The annexed notes 1 to 17 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 Nine Months & quarter ended March 31, 2016

	Nine Months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Net income for the period	39,724	11,874	(14,861)	8,907
Other comprehensive income for the period				
<i>Items to be reclassified to income statement in subsequent periods:</i>				
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	(48,127)	(40,254)	9,737	(43,694)
Total comprehensive income for the period	<u>(8,403)</u>	<u>(28,380)</u>	<u>(5,124)</u>	<u>(34,787)</u>

The annexed notes 1 to 17 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 Nine Months ended March 31, 2016

	Nine Months ended	
	March 31,	
	2016	2015
	(Rupees in '000)	
Accumulated loss brought forward - realised	(128,856)	(131,996)
Net income for the period	39,724	11,874
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	6,546	2,412
Accumulated loss carried forward - realised	(82,586)	(117,710)

The annexed notes 1 to 17 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 Nine Months ended March 31, 2016

	Nine Months ended March 31,	
	2016	2015
	(Rupees in '000)	
Net assets at beginning of the period	767,249	743,692
Issue of 35,470 units (2015: 310,209 units)	3,481	29,909
Redemption of 420,984 units (2015: 363,822 units)	(41,177)	(35,369)
	(37,696)	(5,460)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	869	139
Net income for the period	39,724	11,874
Net unrealised (diminution) / appreciation on remeasurement of investments classified as available for sale	(48,127)	(40,254)
Total comprehensive income for the period	(8,403)	(28,380)
Net assets at end of the period	722,019	709,991
[Rs. 93.8635 per unit (2015: Rs. 91.7564 per unit)]		

The annexed notes 1 to 17 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 Nine Months ended March 31, 2016

	Note	Nine Months ended	
		March 31,	
		2016	2015
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		39,724	11,874
Adjustments			
Impairment loss on equity securities classified as available for sale		3,177	19,490
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		869	139
		43,770	31,503
(Increase) / decrease in assets			
Investments - net		(8,099)	(202,535)
Dividend receivable and accrued mark-up		(1,558)	(10,101)
Advances, deposits and other receivables		112	85,489
		(9,545)	(127,147)
Increase / (decrease) in liabilities			
Payable to HBL Asset Management Limited - Management Company		130	501
Payable to Central Depository Company of Pakistan Limited - Trustee		135	6
Payable to Securities and Exchange Commission of Pakistan		(175)	(59)
Accrued expenses and other liabilities		(46,941)	4,053
		(46,851)	4,501
Net cash (used in) operating activities		(12,626)	(91,143)
CASH FLOW FROM FINANCING ACTIVITIES			
Amount received on issue of units		3,481	29,909
Payment against redemption of units		(41,177)	(35,369)
Net cash (used in) financing activities		(37,696)	(5,460)
Net (decrease) cash and cash equivalents		(50,322)	(96,603)
Cash and cash equivalents at beginning of the period		54,885	102,750
Cash and cash equivalents at end of the period	4	4,563	6,147

The annexed notes 1 to 17 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 Nine Months ended March 31, 2016

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 Pakistan 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, 2015.

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, 2015.

4. BANK BALANCES

	March 31, 2016	June 30, 2015
	(Rupees in '000)	
Savings accounts	4,563	54,885
	<u>4,563</u>	<u>54,885</u>

5. INVESTMENTS	Note	March 31, 2016	June 30, 2015
(Rupees in '000)			
Available for sale			
- Listed equity securities	5.1	429,344	527,678
- Term Finance Certificates - Listed	5.2.1	-	-
- Term Finance Certificates - Unlisted	5.2.2	15,460	42,815
- Government Securities	5.3	244,107	199,513
Loans and receivables - Commercial papers	5.4	37,890	-
		<u>726,801</u>	<u>770,006</u>

5.1 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 March 31, 2016	Market value as at March 31, 2016 (Rupees in '000)	Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2015	Purchases during the period	Bonus / Rights issue	Sales during the period			Total Investments	Net Assets	
Commercial Banks									
Bank Alfalah Limited	613,000	-	-	613,000	-	-	-	-	-
Habib Bank Limited	126,971	102,500	-	99,300	130,171	22,329	3.07%	3.09%	0.01%
MCB Bank Limited	-	68,000	-	-	68,000	14,010	1.93%	1.94%	0.01%
United Bank Limited	-	139,500	-	139,500	-	-	-	-	-
	739,971	310,000	-	851,800	198,171	36,339	5.00%	5.03%	
Personal Goods									
Nishat Mills Limited	-	145,000	-	145,000	-	-	-	-	-
	-	145,000	-	145,000	-	-	-	-	-
Construction and Materials									
D.G.Khan Cement Company Limited	229,000	234,900	-	311,000	152,900	26,577	3.66%	3.68%	0.03%
Kohat Cement Limited	-	69,800	-	10,100	59,700	15,524	2.14%	2.15%	0.04%
Cherat Cement Company Limited	-	152,500	-	-	152,500	16,456	2.26%	2.28%	0.10%
Lucky Cement Limited	63,100	26,500	-	30,500	59,100	31,802	4.38%	4.40%	0.02%
Fauji Cement Company Limited	-	686,500	-	586,500	100,000	4,191	0.58%	0.58%	0.03%
Pioneer Cement Company Limited	-	261,000	-	21,000	240,000	23,741	3.27%	3.29%	0.11%
Maple Leaf Cement Factory Limited	355,500	194,000	-	549,500	-	-	-	-	-
	647,600	1,625,200	-	1,508,600	764,200	118,291	16.29%	16.38%	
Electricity									
The Hub Power Company Limited	286,500	406,000	-	513,500	179,000	18,713	2.57%	2.59%	0.02%
K-Electric Limited (Rs. 3.5 each)	2,256,500	1,689,000	-	1,946,000	1,999,500	14,196	1.95%	1.97%	0.02%
Kot Addu Power Company Limited	260,500	-	-	70,000	190,500	14,701	2.02%	2.04%	0.02%
	2,803,500	2,095,000	-	2,529,500	2,369,000	47,610	6.54%	6.60%	
Oil and Gas									
Attock Petroleum Limited	24,600	-	-	950	23,650	10,189	1.40%	1.41%	0.03%
Mari Petroleum Limited	-	63,700	-	47,100	16,600	11,662	1.60%	1.62%	0.02%
Pakistan Oilfields Limited	43,900	41,800	-	85,700	-	-	-	-	-
Oil & Gas Development Company Limited	-	92,200	-	-	92,200	10,551	1.45%	1.46%	0.08%
Pakistan Petroleum Limited	-	307,800	-	222,300	85,500	10,955	1.51%	1.52%	0.03%
Pakistan State Oil Company Limited	56,300	56,200	-	50,200	62,300	21,882	3.01%	3.03%	0.02%
	124,800	561,700	-	406,250	280,250	65,239	8.97%	9.04%	
Foods Producers									
Engro Foods Limited	165,000	46,600	-	211,600	-	-	-	-	-
	165,000	46,600	-	211,600	-	-	-	-	-

Name of the Investee Company	Number of shares				Market value		Market value as a percentage of		Par value as a percentage of issued capital of the investee company
	As at July 1, 2015	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at March 31, 2016	as at March 31, 2016	Total Investments	Net Assets	
(Rupees in '000)									
Chemicals									
Engro Corporation Limited	159,300	154,700	-	247,500	66,500	20,994	2.89%	2.91%	0.01%
Engro Fertilizer Limited	348,000	40,000	-	388,000	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	421,500	34,500	-	456,000	-	-	-	-	-
Fatima Fertilizer Company Limited	-	437,000	-	437,000	-	-	-	-	-
	<u>928,800</u>	<u>666,200</u>	<u>-</u>	<u>1,528,500</u>	<u>66,500</u>	<u>20,994</u>	<u>2.89%</u>	<u>2.91%</u>	
Household Goods									
Pak Elektron Limited	292,000	67,000	-	125,000	234,000	14,150	1.95%	1.96%	0.06%
	<u>292,000</u>	<u>67,000</u>	<u>-</u>	<u>125,000</u>	<u>234,000</u>	<u>14,150</u>	<u>1.95%</u>	<u>1.96%</u>	
General Industrials									
Synthetic Products Enterprises Limited	544,500	-	-	544,500	-	-	-	-	-
Packages Limited	-	27,150	-	10,000	17,150	8,952	1.23%	1.24%	0.02%
	<u>544,500</u>	<u>27,150</u>	<u>-</u>	<u>554,500</u>	<u>17,150</u>	<u>8,952</u>	<u>1.23%</u>	<u>1.24%</u>	
Media									
HUM Network Limited (Rs. 1 each)	1,355,000	-	-	1,355,000	-	-	-	-	-
	<u>1,355,000</u>	<u>-</u>	<u>-</u>	<u>1,355,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Pharma and Bio Tech									
Ferozsons Laboratories Limited	-	24,350	-	24,350	-	-	-	-	-
GlaxoSmithKline Limited	-	83,600	-	-	83,600	20,267	2.79%	2.81%	0.01%
The Searle Company Limited	-	98,800	3,750	61,300	41,250	18,129	2.49%	2.51%	0.02%
	<u>-</u>	<u>206,750</u>	<u>3,750</u>	<u>85,650</u>	<u>124,850</u>	<u>38,396</u>	<u>5.28%</u>	<u>5.32%</u>	
Automobile Assemblers									
Hinopak Motors Limited	-	18,700	-	18,700	-	-	-	-	-
Honda Atlas Car Limited	-	71,200	-	37,900	33,300	8,407	1.16%	1.16%	0.07%
General Tyre & Rubber Co. Limited	-	74,600	-	-	74,600	11,160	1.54%	1.55%	0.02%
Indus Motor Company Limited	24,200	-	-	24,200	-	-	-	-	-
Pak Suzuki Motor Company Limited	63,000	-	-	63,000	-	-	-	-	-
	<u>87,200</u>	<u>164,500</u>	<u>-</u>	<u>143,800</u>	<u>107,900</u>	<u>19,567</u>	<u>2.70%</u>	<u>2.71%</u>	
Engineering									
Mughal Iron & Steel Limited	175,000	361,500	48,375	379,000	205,875	14,088	1.94%	1.95%	0.01%
International Steels Limited	-	344,500	-	344,500	-	-	-	-	-
Crescent Steel & Allied Products limited	-	171,500	-	-	171,500	20,166	2.77%	2.79%	0.00%
Anreli Steels Limited	-	339,000	-	155,000	184,000	9,599	1.32%	1.33%	0.00%
	<u>175,000</u>	<u>1,216,500</u>	<u>48,375</u>	<u>878,500</u>	<u>561,375</u>	<u>43,853</u>	<u>6.03%</u>	<u>6.07%</u>	
Fixed Line Telecommunication									
P.T.C.L 'A'	-	815,000	-	815,000	-	-	-	-	-
	<u>-</u>	<u>815,000</u>	<u>-</u>	<u>815,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Non Life Insurance									
Adamjee Insurance Company Limited	-	323,500	-	25,500	298,000	15,952	2.19%	2.21%	0.00%
	<u>-</u>	<u>323,500</u>	<u>-</u>	<u>25,500</u>	<u>298,000</u>	<u>15,952</u>	<u>2.19%</u>	<u>2.21%</u>	
	<u>7,863,371</u>	<u>8,270,100</u>	<u>52,125</u>	<u>11,164,200</u>	<u>5,021,396</u>	<u>429,344</u>	<u>59.07%</u>	<u>59.47%</u>	
Cost of investments at March 31, 2016						<u>425,617</u>			

5.1.1 Investments include shares having market value aggregating to Rs. 34.3735 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.

5.2 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.

Name of the Investee Company	Number of certificates			Market value / Carrying value* as at March 31, 2016	Market value as a percentage of	
	As at July 1, 2015	Purchases during the period	Sales / Matured during the period		Total Investments	Net Assets
(Rupees in '000)						
Financial Services						
Saudi Pak Leasing Company Limited - (Note 5.2.3)	6,000	-	-	6,000	-	-
	6,000	-	-	6,000	-	-
Cost of investments at March 31, 2016				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.

Name of the Investee Company	Number of certificates			Market value / Carrying value* as at March 31, 2016	Market value as a percentage of	
	As at July 1, 2015	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	15,460	2.13%
	3,000	-	-	3,000	15,460	2.13%
Multi Utilities						
WAPDA Sukuk	5,700	-	5,700	-	-	-
	5,700	-	5,700	-	-	-
	8,700	-	5,700	3,000	15,460	2.13%
Cost of investments at March 31, 2016				14,973		

5.2.3 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.

5.2.4 Significant terms and conditions of Term Finance Certificates and Sukuk bonds outstanding at March 31, 2016 are:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Al Habib Limited	4,991	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

5.3 Investment in Government Securities - Available for sale

Issue Date	Tenor	Face value			As at March 31, 2016	Market Value as at March 31, 2016	Market value as a percentage of	
		As at July 1, 2015	Purchases during the period	Sales / Matured during the period			Total Investment	Net Assets
(Rupees in '000)								
Treasury bills								
December 10, 2015	3 months	-	40,000	40,000	-	-	-	-
February 18, 2016	3 months	-	32,000	-	32,000	31,778	4.37%	4.40%
January 21, 2016	12 months	-	50,500	21,000	29,500	28,101	3.87%	3.89%
March 3, 2016	12 months	-	55,000	-	55,000	52,039	7.16%	7.21%
March 3, 2016	3 months	-	35,000	-	35,000	34,674	4.77%	4.80%
March 31, 2016	3 months	-	6,500	-	6,500	6,410	0.88%	0.89%
October 29, 2015	3 months	-	13,000	13,000	-	-	-	-
June 8, 2015	6 months	-	76,000	76,000	-	-	-	-
September 7, 2015	6 months	-	16,000	16,000	-	-	-	-
May 14, 2015	6 months	50,000	-	50,000	-	-	-	-
June 11, 2015	6 months	100,000	-	100,000	-	-	-	-
July 9, 2015	6 months	-	16,000	16,000	-	-	-	-
August 6, 2015	3 months	-	76,000	76,000	-	-	-	-
October 29, 2015	3 months	-	13,000	13,000	-	-	-	-
December 10, 2015	3 months	-	40,000	40,000	-	-	-	-
		-	469,000	461,000	158,000	153,002	21.05%	21.19%
Pakistan Investment Bonds								
July 17, 2014	3 years	50,000	-	14,000	36,000	38,212	5.26%	5.29%
July 17, 2014	5 year	-	37,000	9,000	28,000	31,987	4.40%	4.43%
March 26, 2015	3 years	-	20,000	-	20,000	20,906	2.88%	2.90%
		50,000	57,000	23,000	84,000	91,105	12.54%	12.62%
		50,000	526,000	484,000	242,000	244,107	33.59%	33.81%

Cost of investments at March 31, 2016 240,795

5.4 Investment in Commercial papers - Loans and receivables

Name of Investee Company	Placements made during	Income Accrued	Matured during the period	As at March 31, 2016	Percentage of total value of investments	Percentage of Net Assets
(Rupees in '000)						
Pak Elektron Limited (5.4.1)	36,482	1,408	-	37,890	5.21%	5.25%

5.4.1 Mark-up rate on these commercial papers is 9.33% p.a with maturity date of July 29, 2016.

5.5 Net unrealised appreciation on remeasurement of investments classified as available for sale	Note	March 31, 2016	June 30, 2015
(Rupees in '000)			
Market value of investments	5.1, 5.2, 5.3 & 5.4	726,801	770,006
Cost of investments	5.1, 5.2, 5.3 & 5.4	734,472	726,447
Provision against equity securities	5.5.1	(3,600)	(497)
Provision against Term Finance Certificates	5.5.1	(15,197)	(15,197)
		<u>715,675</u>	<u>710,753</u>
		<u>11,126</u>	<u>59,253</u>
5.5.1 Movement in provision against investments			
Opening balance		15,694	17,149
Add: Charge for the period / year		3,177	19,490
Less: Reversals made during the period / year		(74)	(20,945)
Net charge / (reversal)		3,103	(1,455)
Closing balance		<u>18,797</u>	<u>15,694</u>
6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP			
Dividend receivable		3,894	367
Mark-up accrued on deposits with banks		90	-
Mark-up / return accrued on Government Securities		1,550	2,543
Mark-up / return accrued on Term Finance Certificates		573	1,639
		<u>6,107</u>	<u>4,549</u>
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
Principal receivable from TFC and other Receivable		-	3
Prepaid annual rating fee		11	120
		<u>28,127</u>	<u>28,239</u>
Provision in respect of advance against subscription of Term Finance Certificates	7.1	(25,000)	(25,000)
		<u>3,127</u>	<u>3,239</u>

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 March 31, 2016. 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 March 31, 2016, 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>	March 31, 2016	June 30, 2015
		(Rupees in '000)	
Management fee	<i>8.1</i>	1,206	1,280
Sindh Sales Tax	<i>8.2</i>	195	218
Sales load payable		-	24
Allocation of expenses related to registrar services, accounting, operation and valuation services		251	-
		1,652	1,522

8.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on November 25, 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding two percent of average annual net assets. The Management Company has charged its remuneration at the rate of two percent per annum (June 30, 2015: 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 14% (June 30, 2015: 15%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	<i>Note</i>	March 31, 2016	June 30, 2015
		(Rupees in '000)	
Auditors' remuneration		294	309
Federal Excise Duty	<i>9.1</i>	6,016	4,258
Other payables		50	57
Payable against redemption of units		3	19
Payable to HBL Money Market Fund against conversion of units		-	2,010
Withholding tax payable		-	1,933
Payable to HBL Stock Fund		-	43,926
Payable to brokers		337	1,129
Provision for Workers' Welfare Fund	<i>11</i>	9,495	9,495
		16,195	63,136

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. In 2014, 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. 6.502 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 March 31, 2016 would have been higher by Rs. 0.8453 per unit (June 30, 2015: Rs. 0.5873 per unit).

10. ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated November 25, 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it.

The expenses represent the allocation of expenses relating to registrar services, accounting, operation and valuation services at 0.1% of average net annual assets of the Fund with effect from November 25, 2015.

11. PROVISION FOR WORKERS' WELFARE FUND

There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended June 30, 2015.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1st July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Fund as at March 31, 2016 would have been higher by Rs. 1.2344 per unit (June 30, 2015: Rs. 1.1755 per unit).

12. 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than 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 at least 90 percent of the Fund's accounting income for the year ended June 30, 2016 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

13. 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.

14. 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:

14.1 Transactions during the period

	Nine Months ended	
	March 31,	
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	14,637	15,268
Allocation of expenses related to registrar services, accounting, operation and valuation services	251	-

	Nine Months ended	
	March 31,	
	2016	2015
	(Rupees in '000)	
Habib Bank Limited - Sponsor		
Bank charges paid	21	12
Mark-up earned during the period	672	2,269
Mark-up received during the period	718	2,130
Dividend income earned during the period	1,213	20,316
Dividend income received during the period	757	20,316
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,259	1,145
Central Depository service charges	75	115
Directors of connected persons		
Redemption of Nil units (2015: 3,083 units)	-	300
Profit earned on redemption of units	-	2
14.2 Transactions involving shares of connected persons:		
Habib Bank Limited - Sponsor		
Purchase of 102,500 shares (2015: 123,000 shares)	20,450	23,706
Sale of 99,300 shares (2015: 70,000 shares)	18,682	14,466
Gain on sale of shares	1,969	4,618
14.3 Amounts outstanding as at period end	March 31,	June 30,
	2016	2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	1,206	1,280
Sindh Sales Tax	195	218
Sales load payable	-	24
Allocation of expenses related to registrar services, accounting, operation and valuation services	251	-
Habib Bank Limited - Sponsor		
Investment held in the Fund: 6,584,987 units (2015: 6,584,987 units)	618,090	625,464
Bank balances	1,154	47,210
Mark-up receivable on deposits with bank	10	56
Dividend Income receivable	456	-
HBL Money Market Fund - Associate		
Payable to HBL Money Market Fund against conversion of units	-	2,010
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	261	126
Directors of connected persons		
Investment held in the Fund: Nil units (2015: 282,754 units)	-	26,857
Shares held in associated undertakings		
Ordinary shares held in Habib Bank Limited: 130,171 ordinary shares (2015: 126,971 ordinary shares)	22,329	27,318

15. DISCLOSURE 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 March 31, 2016, 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
(Rupees in '000)						
Saudi Pak Leasing Company Limited	TFC	15,197	15,197	-	-	-
Dewan Cement Limited	Advance	25,000	25,000	-	-	-

16. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on **April 29, 2016**.

17. 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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HBL Asset Management Limited



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