

HBL

ASSET MANAGEMENT

ايسيت مينجمنت

HBL Mustahekum Sarmaya Fund 1

**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 Mustahekum Sarmaya Fund 1

FUND MANAGER Mr. Emmad Hashmi

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
Habib Bank Limited

HBL Mustahekum Sarmaya Fund 1
Condensed Interim Statement of Assets And Liabilities
As At March 31, 2016

	Note	March 31, 2016 (Un-Audited)	June 30, 2015 (Audited)
(Rupees in '000)			
Assets			
Bank balances	4	6,872	101,022
Investments	5	1,811,748	1,832,182
Dividend receivable and accrued mark-up	6	103,005	6,343
Preliminary expenses and floatation costs		538	935
Advances, deposits and other receivables	7	2,611	2,600
Total assets		1,924,774	1,943,082
Liabilities			
Payable to HBL Asset Management Limited - Management Company	8	3,505	3,891
Payable to Central Depository Company of Pakistan Limited - Trustee		478	207
Payable to Securities and Exchange Commission of Pakistan		1,090	376
Accrued expenses and other liabilities	9	6,039	4,839
Total liabilities		11,112	9,313
Net assets		1,913,662	1,933,769
Unit holders' fund (as per statement attached)		1,913,662	1,933,769
		(Number of units)	
Number of units in issue		18,377,825	19,264,337
		(Rupees)	
Net assets value per unit		104.1289	100.3807

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 Mustahekum Sarmaya Fund 1
Condensed Interim Income Statement (Un-Audited)
For the Nine Months & quarter ended March 31, 2016

	<i>Note</i>	Nine Months ended March 31, 2016	Quarter ended March 31, 2016
(Rupees in '000)			
Income			
Dividend income		5,188	1,212
Mark-up on deposits with banks		1,434	209
Mark-up / return on investments		96,702	32,000
Capital loss on sale of investments - net		(7,210)	(4,965)
		96,114	28,456
Expenses			
Remuneration of HBL Asset Management Limited - Management Company		28,921	9,493
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,064	613
Annual fee of Securities and Exchange Commission of Pakistan		1,090	355
Allocation of expenses related to registrar services, accounting, operation and valuation services	<i>10</i>	676	479
Auditors' remuneration		222	55
Settlement and bank charges		31	3
Amortisation of preliminary expenses and floatation costs		397	127
Other expenses		27	7
		33,428	11,132
Net income from operating activities		62,686	17,324
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(1,587)	(967)
Provision for Workers' Welfare Fund	<i>11</i>	-	-
Net income for the period before taxation		61,099	16,357
Taxation	<i>12</i>	-	-
Net income for the period after taxation		61,099	16,357
Earning per unit	<i>13</i>		

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 Mustahekum Sarmaya Fund 1
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Nine Months & quarter ended March 31, 2016

	Nine Months ended March 31, 2016 (Rupees in '000)	Quarter ended March 31, 2016
Net income for the period	61,099	16,357
Other comprehensive income for the period		
<i>Items to be reclassified to income statement in subsequent periods:</i>		
Net unrealised appreciation on remeasurement of investments classified as available for sale	5,479	2,263
Total comprehensive income for the period	<u>66,578</u>	<u>18,620</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 Mustahekum Sarmaya Fund 1
Condensed Interim Distribution Statement (Un-Audited)
For the Nine Months ended March 31, 2016

	Nine Months ended March 31, 2016 (Rupees in '000)
Undistributed income brought forward - realised	1,927
Net income for the period	61,099
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	(35)
Accumulated income carried forward - realised	<u>62,991</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 Mustahekum Sarmaya Fund 1
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 (Rupees in '000)
Net assets at beginning of the period	1,933,769
Redemption of 886,512 units	(88,272)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - transferred to income statement - net	1,587
Net income for the period	61,099
Net unrealised appreciation on remeasurement of investments classified as available for sale	5,479
Total comprehensive income for the period	66,578
Net assets at end of the period	1,913,662
[Rs. 104.1289 per unit]	

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 Mustahekum Sarmaya Fund 1
Condensed Interim Cash Flow Statement (Un-Audited)
For the Nine Months ended March 31, 2016

	Nine Months ended March 31, 2016
	<i>Note</i> (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES	
Net income for the period	61,099
Adjustments	
Amortisation of preliminary expenses and floatation costs	397
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	<u>1,587</u>
	63,083
(Increase) / decrease in assets	
Investments - net	25,913
Dividend receivable and accrued mark-up	(96,662)
Preliminary expenses and floatation costs	-
Advances, deposits and other receivables	<u>(11)</u>
	(70,760)
Increase / (decrease) in liabilities	
Payable to HBL Asset Management Limited - Management Company	(386)
Payable to Central Depository Company of Pakistan Limited - Trustee	271
Payable to Securities and Exchange Commission of Pakistan	714
Accrued expenses and other liabilities	<u>1,200</u>
	1,799
Net cash (used in) operating activities	<u>(5,878)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Payment against redemption of units	<u>(88,272)</u>
Net cash (used in) financing activities	<u>(88,272)</u>
Net decrease in cash and cash equivalents	<u>(94,150)</u>
Cash and cash equivalents at beginning of the period	<u>101,022</u>
Cash and cash equivalents at end of the period	<u><u>6,872</u></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 Mustahekum Sarmaya Fund 1
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 Mustahekum Sarmaya Fund 1 Fund (the Fund) was established under a Trust Deed, dated April 10, 2014, 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 April 29, 2014.

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 subsequent to initial offer, the offer of units was discontinued. The initial public offer period was from January 30, 2015 to March 27, 2015 (both days inclusive). The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on Pakistan Stock Exchange.

The primary objective of the Fund is to protect Initial Investment Value of investors at maturity with secondary objective of providing growth over the period. The duration of the Fund is two years from the commencement of the Fund.

JCR-VIS Credit Rating Agency (JCR-VIS) has assigned management quality rating of 'AM2-' to the Management Company while the Fund is currently not rated.

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 period from January 30, 2015 to 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 period from January 30, 2015 to June 30, 2015.

4. BANK BALANCES	March 31, 2016	June 30, 2015
	(Rupees in '000)	
Savings accounts	<u>6,872</u>	<u>101,022</u>
5. INVESTMENTS	<i>Note</i>	
	March 31, 2016	June 30, 2015
	(Rupees in '000)	
Available for sale		
- Listed equity securities	5.1 111,748	132,182
Loans and receivables		
- Placements	5.2 1,700,000	1,700,000
	<u>1,811,748</u>	<u>1,832,182</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	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	
(Rupees in '000)									
Commercial Banks									
Bank Alfalah Limited	-	-	-	-	-	-	-	-	-
Habib Bank Limited	-	25,000	-	25,000	-	-	-	-	-
United Bank Limited	48,000	36,000	-	84,000	-	-	-	-	-
	48,000	61,000	-	109,000	-	-	-	-	-
Cement									
Cherat Cement Company Limited	40,000	20,000	-	10,000	50,000	5,396	0.30%	0.28%	0.03%
D.G.Khan Cement Company Limited	47,500	35,000	-	40,000	42,500	7,387	0.41%	0.39%	0.01%
Fecto Cement Company Limited	145,000	-	-	-	145,000	14,445	0.80%	0.75%	0.29%
Lucky Cement Company Limited	-	7,500	-	-	7,500	4,036	0.22%	0.21%	0.00%
Pioneer Cement Limited	60,000	39,000	-	-	99,000	9,793	0.54%	0.51%	0.04%
Maple Leaf Cement Factory Limited	-	60,000	-	60,000	-	-	-	-	-
	292,500	161,500	-	110,000	344,000	41,057	2.27%	2.15%	-
Cable and Electrical Goods									
Pak Elektron Company Limited	-	360,000	18,750	310,250	68,500	3,381	0.19%	0.18%	0.00%
	-	360,000	18,750	310,250	68,500	3,381	0.19%	0.18%	-
Textile Composite									
National Mills Limited	-	25,000	-	-	25,000	2,395	0.13%	0.13%	0.00%
	-	25,000	-	-	25,000	2,395	0.13%	0.13%	-
Power Generation & Distribution									
K-Electric Limited (Rs. 3.5 each)	935,000	850,000	-	892,500	892,500	6,337	0.35%	0.33%	0.00%
Hub Power Company Limited	-	45,000	-	-	45,000	4,705	0.26%	0.25%	0.00%
	935,000	895,000	-	892,500	937,500	11,042	0.61%	0.58%	-
Oil and Gas									
Pakistan Oilfields Limited	16,000	-	-	16,000	-	-	-	-	-
Pakistan State Oil Company Limited	22,500	-	-	22,500	-	-	-	-	-
Pakistan Petroleum Limited	-	45,000	-	45,000	-	-	-	-	-
Mari Petroleum Company Limited	-	13,500	-	1,000	12,500	8,780	0.48%	0.46%	0.01%
	38,500	58,500	-	84,500	12,500	8,780	0.48%	0.46%	-
Foods Producers									
Engro Foods Limited	39,700	-	-	39,700	-	-	-	-	-
	39,700	-	-	39,700	-	-	-	-	-
Fertilizers									
Engro Corporation Limited	29,000	24,000	-	13,000	40,000	12,628	0.70%	0.66%	0.01%
Engro Fertilizer Limited	394,500	-	-	394,500	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	171,000	-	-	145,000	26,000	1,326	0.07%	0.07%	0.00%
Fatima Fertilizer Company Limited	110,000	-	-	110,000	-	-	-	-	-
	704,500	24,000	-	662,500	66,000	13,954	0.77%	0.73%	-
Automobile Assembler									
Hinopak Motors Limited	-	7,600	-	7,600	-	-	-	-	-
Indus Motors Limited	-	2,500	-	1,000	1,500	1,421	0.08%	0.07%	-
Pak Suzuki Motor Company Limited	14,000	-	-	14,000	-	-	-	-	-
	14,000	10,100	-	22,600	1,500	1,421	0.08%	0.07%	-

Name of the Investee Company	Number of shares				As at March 31, 2016	Market value as at March 31, 2016	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	
(Rupees in '000)									
Media									
HUM Network Limited (Rs. 1 each)	375,000	-	-	375,000	-	-	-	-	-
	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Automobile Parts & Accessories									
General Tyre Company Limited	-	18,000	-	-	18,000	2,693	0.15%	0.14%	0.00%
	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>2,693</u>	<u>0.15%</u>	<u>0.14%</u>	
Engineering									
Mughal Iron & Steel Limited	-	22,500	-	-	22,500	1,540	0.09%	0.08%	
Crescent Steel & Allied Products Limited	-	54,000	25,000	43,000	36,000	4,233	0.23%	0.22%	0.05%
	<u>-</u>	<u>76,500</u>	<u>25,000</u>	<u>43,000</u>	<u>58,500</u>	<u>5,773</u>	<u>0.32%</u>	<u>0.30%</u>	
Pharmaceuticals									
Scarl Company Limited	-	32,100	2,000	12,100	22,000	9,669	0.53%	0.51%	0.02%
GlaxoSmithKline Limited	-	27,000	-	-	27,000	6,546	0.36%	0.34%	0.01%
	<u>-</u>	<u>59,100</u>	<u>2,000</u>	<u>12,100</u>	<u>49,000</u>	<u>16,215</u>	<u>0.89%</u>	<u>0.85%</u>	
Transport									
Pakistan National Shipping Corporation Limited	-	70,700	-	-	70,700	5,037	0.28%	0.26%	0.05%
	<u>-</u>	<u>70,700</u>	<u>-</u>	<u>-</u>	<u>70,700</u>	<u>5,037</u>	<u>0.28%</u>	<u>0.26%</u>	
	<u>2,072,200</u>	<u>1,819,400</u>	<u>45,750</u>	<u>2,286,150</u>	<u>1,651,200</u>	<u>111,748</u>	<u>6.17%</u>	<u>5.84%</u>	
Cost of investments at March 31, 2016						<u>101,671</u>			

5.1.1 Investments include shares having market value aggregating to Rs. 13.972 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 Loans and receivables - Placements

Name of Bank	As at July 1, 2015	Placements made during the period	Matured during the period	As at March 31, 2016	Percentage of total value of investments	Percentage of Net Assets
----- (Rupees in '000) -----						
Habib Bank Limited	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>	<u>93.83%</u>	<u>88.83%</u>

5.2.1 The placement carries mark-up at the rate of 7.55% per annum and matures on March 28, 2017.

5.3 Net unrealised appreciation on remeasurement of investments classified as available for sale	<i>Note</i>	March 31, 2016	June 30, 2015
(Rupees in '000)			
Market value of investments	5.1	111,748	132,182
Cost of investments		(101,671)	(127,584)
		10,077	4,598
6. DIVIDEND RECEIVABLE AND ACCRUED MARK-UP			
Dividend receivable		2,104	238
Mark-up accrued on deposits with banks		304	60
Mark-up / return accrued on Term Deposits Receipts		100,597	6,045
		103,005	6,343
7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepaid annual listing fee		11	-
		2,611	2,600
8. PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee	8.1	2,434	2,382
Sindh Sales Tax	8.2	395	414
Listing fee		-	20
Preliminary expenses and floatation costs		-	1,075
Allocation of expenses related to registrar services, accounting, operation and valuation services		676	-
		3,505	3,891
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 one percent of average annual net assets. The Management Company has charged its remuneration at the rate of one and half percent per annum (June 30, 2015: one and half percent per annum) for the current period since the revised regulations requires compliance latest by May 23, 2016.			
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		221	300
Federal Excise Duty	9.1	4,705	1,206
Withholding tax payable		257	2,290
Provision for Workers' Welfare Fund	11	605	605
Payable to brokers		203	396
Other payable		48	42
		6,039	4,839

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, the Management Company has made a provision aggregating to Rs. 4.705 million. 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. 0.2560 per unit (June 30, 2015: 0.0626 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 period from January 30, 2015 to 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. 0.0329 per unit (June 30, 2015: Rs. 0.0314 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 (Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee		28,921
Allocation of expenses related to registrar services, accounting, operation and valuation services		676
Habib Bank Limited - Sponsor		
Profit on bank deposits on investment		96,011
Profit received on bank deposits on investments		1,122
Bank charges paid		13
Central Depository Company of Pakistan Limited - Trustee		
Remuneration		2,064
Service charges		17
14.2 Amounts outstanding as at period end	March 31, 2016	June 30, 2015
	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	2,434	2,382
Sindh Sales tax	395	414
Listing fee payable	-	20
Preliminary expenses and flotation costs payable	-	1,075
Allocation of expenses related to registrar services, accounting, operation and valuation services	676	-
Habib Bank Limited - Sponsor		
Investment held in the Fund: 5,067,323 units (2015: 5,067,323 units)	527,654	508,661
Bank balances including TDRs	1,784,427	87,591
Profit receivable on bank deposits and investments	100,994	6,105
Executives and their relatives		
Investment held in the Fund: 100 units (2015: Nil units)	10	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	478	207

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 **April 29, 2016**.

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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HBL Asset Management Limited



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