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CORPORATE INFORMATION

Management Company

HBL Asset Management Limited.

Board of Directors

Chairman	Mr. R. Zakir Mahmood	(Non-Executive Director)
Chief Executive Officer	Mr. Shahid Ghaffar	(Executive Director)
Directors	Mr. Sohail Malik	(Non-Executive Director)
	Mr. Abid Sattar	(Non-Executive Director)
	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
	Ms. Sadia Khan	(Independent Non-Executive Director)

Audit Committee

Chairperson	Ms. Sadia Khan	(Independent Non-Executive Director)
Members	Mr. Sohail Malik	(Non-Executive Director)
	Mr. Abid Sattar	(Non-Executive Director)

Human Resource Committee

Chairman	Mr. Towfiq Habib Chinoy	(Independent Non-Executive Director)
Members	Mr. Shahid Ghaffar	(Chief Executive)
	Mr. Abid Sattar	(Non-Executive Director)

Company Secretary

Mr. Rehan N. Shaikh

Chief Financial Officer

Mr. Noman Ahmed Soomro

Fund Manager

Mr. Muhammad Amir Khan

External Auditors

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

Internal Auditors

Ford Rhodes Sidat Hyder & Co., Chartered Accountants,
Progressive Plaza, Beaumont Road,
P.O.Box No. 15541, Karachi 75530.

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.

Bankers

Habib Bank Limited
MCB Bank Limited
JS Bank Limited
The Bank of Punjab
Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited
Bank Al Falah Limited
Bank Al Habib Limited

Website

www.hblasst.com

Head Office

8B, 8th Floor, Executive Tower, Dolmen City,
Block 4, Clifton, Karachi.

Registered Office

8B, 8th Floor, Executive Tower, Dolmen City,
Block 4, Clifton, Karachi.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

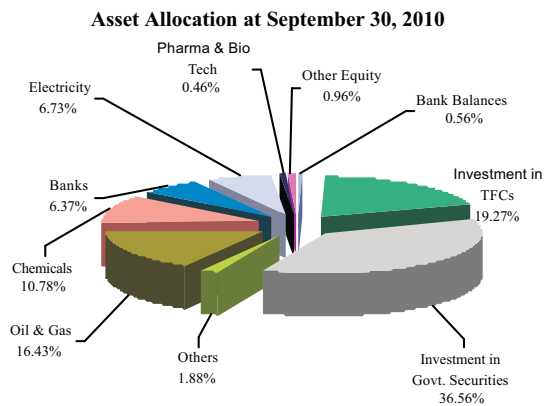
The Board of Directors of HBL Asset Management Limited is pleased to present its report together with first Quarterly Report of **HBL Multi Asset Fund** (the Fund) for the quarter ended September 30, 2010.

Fund's Performance

During the period under review the total and net income of the Fund was Rs 5.41 million and Rs 3.04 million respectively. The Net Asset Value (NAV) of the Fund increased from Rs 80.46 per unit at July 1, 2010 to Rs 81.78 per unit as on September 30, 2010, showing an increase of 1.64% against benchmark (50% KSE 100 Index + 50% 1 - Month KIBOR) return of 3.08%. The Fund was unable to outperform the benchmark due to provisioning of Rs 8.1 million recognized against investments.

Asset Allocation

The asset allocation of the Fund in various sectors and asset classes as on September 30, 2009 was as under:



Market Review

In its effort to curb inflation and restrict government borrowings, the SBP raised the discount rate twice during the period under review by 100 bps. The discount rate was first increased on August 2, 2010 from 12.5% to 13% and thereafter on September 30, 2010 to 13.50%. Due to increase in discount rate, the 6 month KIBOR increased from 12.37% at the beginning of July 2010 to 13.27% as on 30 September 2010. The trading in the corporate bond remained dull with price volatility experienced in TFCs prices due to increase in discount rate.

During the period under review market moved both ways. In the month of July the KSE-100 Index started on a positive note when KSE 100 Index moved up from 9,722 points as on June 30, 2010 by 8.2% to 10,519 as on July 30, 2010. The news reports about margin trading product and inflow by foreign investors were the main factors being the positive sentiment. The bullishness of the market was arrested in the month of July and August 2010 on account of negative news such as increase in discount rate, delay in leverage product and impact of devastating floods in the country. The KSE-100 index declined to 9,537 points or by 9.3% by August 16, 2010 but improved thereafter and managed to close at 10,013 points as on September 30, 2010. The average daily turnover however, declined sharply to 65 million shares only during the period under review as against average daily turnover of 161 million shares during the period July 2009 - June 2010.

Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and patronage. It would like to place on record its appreciation for the help and guidance provided by Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan as Trustee, the Lahore Stock Exchange and State Bank of Pakistan.

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

On behalf of the Board of
HBL Asset Management Limited

R. Zakir Mahmood

Chairman

Date: October 28, 2010

Place: Karachi

HBL MULTI ASSET FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2010

	Note	September 30, 2010 (Un-audited)	June 30, 2010 Audited
----- (Rupees in '000) -----			
ASSETS			
Bank balances		1,957	37,212
Investments	4	342,353	322,258
Dividend and profit receivable	5	3,416	4,672
Preliminary expenses and floatation costs		502	560
Advances, deposits, prepayments and other receivables	6	2,698	2,705
Total assets		350,926	367,407
LIABILITIES			
Payable to HBL Asset Management Limited - Management Company	7	3,699	4,419
Payable to Central Depository Company of Pakistan Limited - Trustee		58	122
Payable to Securities and Exchange Commission of Pakistan		76	393
Accrued expenses and other liabilities	8	1,520	1,564
Total liabilities		5,353	6,498
NET ASSETS		<u>345,573</u>	<u>360,909</u>
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		<u>345,573</u>	<u>360,909</u>
Number of units			
NUMBER OF UNITS IN ISSUE		<u>4,225,729</u>	<u>3,741,480</u>
Rupees			
NET ASSETS VALUE PER UNIT		<u>81.78</u>	<u>96.46</u>

The annexed notes 1 to 13 from an intergal part of these financial statements

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Note	For the quarter ended September 30, 2010	For the quarter ended September 30, 2009
----- (Rupees in '000) -----			
INCOME			
Dividend income		3,089	4,870
Profit on bank deposits		415	938
Income from Term Finance Certificates		1,337	7,598
Income from Government Securities		2,218	1,708
Capital gain on sale of investments - net		6,598	18,114
		13,657	33,228
Unrealised appreciation in value of investments at fair value through profit or loss - net		-	2,486
Provision against Term Finance Certificates		(8,101)	(1,354)
Total income		<u>5,556</u>	<u>34,360</u>
OPERATING EXPENSES			
Remuneration of HBL Asset Management Limited - Management Company		1,782	3,077
Remuneration of Central Depository Company of Pakistan Limited - Trustee		179	308
Annual fee - Securities and Exchange Commission of Pakistan		76	131
Securities transaction cost		7	33
Auditors' remuneration		88	88
Settlement and bank charges		65	27
Amortisation of preliminary expenses and floatation costs		57	57
Provision for Workers' Welfare Fund	10	63	-
Legal and professional charges		8	-
Other expenses		39	19
Total operating expenses		<u>2,364</u>	<u>3,740</u>
Net income from operating activities		<u>3,192</u>	<u>30,620</u>
Net element of accrued income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		(148)	(1,657)
Net income for the period before taxation		<u>3,044</u>	<u>28,963</u>
Taxation		-	-
Net income for the period after taxation		<u>3,044</u>	<u>28,963</u>
OTHER COMPREHENSIVE INCOME			
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed-amount representing (loss) / income that form part of unit holders' fund		(9,277)	(2,902)
Net unrealised appreciation during the year in market value of securities classified as available for sale	4.6	2,475	57,042
Total comprehensive loss / (income) for the period - net		<u>(3,758)</u>	<u>83,103</u>
Earnings per unit	9		

The annexed notes 1 to 13 from an integral part of these financial statements

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	For the quarter ended september 30, 2010	For the quarter ended september 30, 2009
	----- (Rupees in '000) -----	
Accumulated loss brought forward	(11,811)	(139,298)
Net income for the period	3,044	28,963
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing (loss) / income that form part of the unit holders' fund	(9,277)	(2,902)
Final distribution for the year ended June 30, 2010: Rs16 [(2009:Rs. nil per unit (Date of distribution : July 07, 2010)]		
- Cash distribution	(12,000)	-
- Bonus units: 594,875 (2009: nil bonus units)	(47,864)	-
	(59,864)	-
Net loss /(income) for the period less distribution	(66,097)	26,061
Accumulated loss carried forward	(77,908)	(113,237)

The annexed notes 1 to 13 from an integral part of these financial statements

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Note	For the quarter ended september 30, 2010	For the quarter ended september 30, 2009
		----- (Rupees in '000) -----	
Net assets at the beginning of the year		360,909	578,824
Issue of 885 units (2009: 706 units)		75	65
Redemption of 111,511 units (2009: 495,144 units)		(9,078) (9,003)	(44,644) (44,579)
Element of (income) / losses and capital (gains) / losses included in prices of units issued less those in units redeemed			
- amount representing accrued (income) / losses and capital (gains) / losses - transferred to Comprehensive income statement		148	1,657
- amount representing (income) / losses that form part of the unit holders' fund - transferred to Distribution Statement		9,277 9,425	2,902 4,559
Net unrealised appreciation during the year in market value of securities classified as 'available for sale'- transferred from other comprehensive income	4.7	2,475	57,042
Capital gain on sale of investments		6,598	18,114
Net unrealised appreciation in value of investments 'at fair value through profit or loss' - net		-	2,486
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing (loss) / income that form part of unitholders' fund		(9,277)	(2,902)
Net (loss) / income for the period less distribution		(63,418) (66,097)	8,363 26,061
Final distribution for the year ended June 30, 2010 594,875 bonus units		47,864	-
Net assets as at the end of the period		<u>345,573</u>	<u>621,907</u>

The annexed notes 1 to 13 from an intergal part of these financial statements

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	For the quarter ended september 30, 2010	For the quarter ended september 30, 2009
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	3,044	28,963
Adjustments for non-cash items:		
Unrealised (appreciation) in value of investments at fair value through profit or loss - net	-	(2,486)
Amortisation of preliminary expenses and floatation costs	57	57
Provision against Term Finance Certificates	8,101	1,354
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	148	1,657
Increase / (decrease) in assets	11,350	29,545
Investments - net	(25,720)	(11,513)
Dividend and profit receivable	1,256	7,386
Advances, deposits, prepayments and other receivables	7	(5,577)
	(24,457)	(9,704)
(Decrease) / increase in liabilities		
Payable to HBL Asset Management Limited - Management Company	(720)	82
Payable to Central Depository Company of Pakistan Limited - Trustee	(64)	8
Payable to Securities and Exchange Commission of Pakistan	(317)	(408)
Accrued expenses and other liabilities	(44)	(21,238)
	(1,145)	(21,556)
Net cash generated from / (used in) operating activities	(14,252)	(1,715)
CASH FLOW FROM FINANCING ACTIVITIES		
Net payments against redemption of units	(9,003)	(44,579)
Distributions paid	(12,000)	-
Net cash outflow on financing activities	(21,003)	(44,579)
Net decrease in cash and cash equivalents during the period	(35,255)	(46,294)
Cash and cash equivalents at the beginning of the year	37,212	68,204
Cash and cash equivalents at the end of the period	1,957	21,910

The annexed notes 1 to 13 form an integral part of these financial statements

For HBL Asset Management Limited
(Management Company)

Chief Executive

Director

HBL MULTI ASSET FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

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 as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan 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 8B-8th Floor, Executive Tower, Dolmen City, Block 4, Clifton, 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 units of the Fund were initially offered for public subscription at par from December 14, 2007 to December 17, 2007.

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 "AM3+" to the Management Company and Fund Performance Ranking at MFR 4-Star and two year fund performance ranking at MFR 5-Star to the Fund.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published financial statements of the Fund for the period ended June 30, 2010.

	Note	September 30, 2010	June 30, 2010
(Rupees in '000)			
4 INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	4.1	-	3,855
Available for sale			
Listed equity securities	4.2	146,445	193,736
Term Finance Certificates - Listed	4.3.1	50,478	54,508
Term Finance Certificates - Unlisted	4.3.2	17,142	21,067
Government Securities	4.4	128,288	49,092
		<u>342,353</u>	<u>322,258</u>

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

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

Name of the investee company	Number of Shares					Market Value at September 30, 2010	Market Value as a percentage of		
	As at July 01, 2010	Purchases during the period	Bonus/ Rights issue during the period	Sales during the period	As at September 30, 2010		total investment	net assets	paid capital of investee company
(Rupees in '000)									
Oil and Gas									
Pakistan Petroleum Limited	10,000	-	-	10,000	-	-	-	-	-
Pakistan State Oil Company Limited	7,000	-	-	7,000	-	-	-	-	-
	17,000	-	-	17,000	-	-	-	-	-
Chemicals									
Engro Corporation Limited	-	-	-	-	-	-	-	-	-
Engro Polymer & Chemical Limited	19,125	-	-	19,125	-	-	-	-	-
	19,125	-	-	19,125	-	-	-	-	-
Total	36,125	-	-	36,125	-	-	-	-	-
Cost of investments as at September 30, 2010						-			

4.2 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					Market Value at September 30, 2010	Market Value as a percentage of total		
	As at July 01, 2010	Purchases during the period	Bonus/ Rights issue during the period	Sales during the period	As at September 30, 2010		total investment	net assets	paid capital of investee company
(Rupees in '000)									
Banks									
Allied Bank Limited	12,758	-	-	-	12,758	657	0.19%	0.19%	0.01%
Habib Bank Limited - related party	188,885	-	-	45,815	143,070	13,623	3.98%	3.94%	0.15%
MCB Bank Limited	50,000	-	-	30,600	20,000	3,766	1.10%	1.09%	0.05%
National Bank of Pakistan	22,522	-	-	15,000	7,522	477	0.14%	0.14%	0.00%
Habib Metropolitan Bank	46,580	-	-	-	46,580	892	0.26%	0.26%	0.01%
United Bank Limited	130,000	-	-	73,000	57,000	2,930	0.86%	0.85%	0.03%
	450,745	-	-	163,815	286,930	22,345	6.53%	6.47%	0.26%
Personal Goods									
Nishat Mills Limited	23,925	-	-	-	23,925	1,101	0.32%	0.32%	0.05%
	23,925	-	-	-	23,925	1,101	0.32%	0.32%	0.05%
Life Insurance									
New Jubilee Life Insurance Company Limited - related party	11,500	-	-	-	11,500	483	0.14%	0.14%	0.00%
	11,500	-	-	-	11,500	483	0.14%	0.14%	0.00%
Construction and Materials									
D. G. Khan Cement Company Limited	62,248	-	-	30,000	32,248	771	0.23%	0.22%	0.03%
Lucky Cement Limited	14,600	-	-	14,600	-	-	-	-	-
	76,848	-	-	44,600	32,248	771	0.23%	0.22%	0.03%
Electricity									
The Hub Power Company Limited	355,000	20,000	-	-	375,000	12,484	3.65%	3.61%	0.11%
Kot Addu Power Company Limited	90,000	-	-	-	90,000	3,699	1.08%	1.07%	0.04%
Nishat Chuanan Power Limited	750,000	-	-	69,095	680,905	7,435	2.17%	2.15%	0.21%
	1,195,000	20,000	-	69,095	1,145,905	23,618	6.90%	6.83%	0.36%
Oil and Gas									
Attock Petroleum	25,000	-	-	12,425	12,575	4,283	1.25%	1.24%	0.74%
Mari Gas Company Limited	15,000	-	-	-	15,000	1,628	0.48%	0.47%	0.22%
Oil and Gas Development Company Limited	90,000	-	-	72,000	18,000	2,623	0.77%	0.76%	0.01%
Pakistan Offfields Limited	105,000	-	-	20,000	85,000	20,156	5.89%	5.83%	0.85%
Pakistan Petroleum Limited	130,000	-	24,120	9,400	144,720	24,951	7.29%	7.22%	0.25%
Pakistan State Oil Company Limited	32,000	15,000	-	32,000	15,000	4,031	1.18%	1.17%	0.24%
National Refinery Limited	5,314	-	-	5,314	-	-	0.00%	0.00%	0.00%
	402,314	15,000	24,120	151,139	290,295	57,672	16.85%	16.69%	2.31%
Automobile and Parts									
Pak Suzuki Motor Company	5,000	-	-	5,000	-	-	-	-	-
	5,000	-	-	5,000	-	-	-	-	-
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited - A	80,000	-	-	80,000	-	-	-	-	-
	80,000	-	-	80,000	-	-	-	-	-
Pharma and Bio Tech									
Abbott Laboratories (Pakistan) Limited	23,081	-	-	13,081	10,000	885	0.26%	0.26%	0.01%
Glaxo Smithkline (Pakistan) Limited	20,230	-	-	9,305	10,925	756	0.21%	0.21%	0.04%
	43,311	-	-	22,386	20,925	1,621	0.47%	0.47%	0.05%
Chemicals									
BOC Pakistan Limited - related party	22,150	-	-	10,679	11,471	883	0.26%	0.26%	0.35%
Engro Corporation Limited	74,747	-	-	22,000	52,747	9,189	2.68%	2.66%	0.31%
Fauji Fertilizer Bin Qasim Limited	300,000	-	-	-	300,000	8,130	2.37%	2.35%	0.09%
Fauji Fertilizer Company Limited	197,430	-	-	10,264	187,166	19,622	5.73%	5.68%	0.29%
	594,327	-	-	42,943	551,384	37,824	11.05%	10.95%	1.04%
General Industries									
Packages Limited - related party	22,000	-	-	12,000	10,000	1,010	0.30%	0.29%	0.12%
	22,000	-	-	12,000	10,000	1,010	0.30%	0.29%	0.12%
Total	2,904,970	35,000	24,120	590,978	2,373,112	146,445	42.78%	42.38%	4.20%
Cost of investments as at September 30, 2010						143,426			

4.3 Term Finance Certificates - Available for sale

4.3.1 Term finance certificates- Listed

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

Name of the investee company	Number of certificates				Market Value at September 30, 2010	Market Value as a percentage of total		
	As at July 01, 2010	Purchases during the period	Sales during the period	As at September 30, 2010		total investment	net assets	issue size
(Rupees in '000)								
Banks								
NIB Bank Limited	3,000	-	-	3,000	14,197	4.15%	4.11%	0.59%
United Bank Limited	5,000	-	-	5,000	23,609	6.90%	6.83%	0.59%
	8,000	-	-	8,000	37,806	11.04%	10.94%	1.18%
Financial Services								
Saudi Pak Leasing Company Limited	6,000	-	-	6,000	12,672	3.70%	3.67%	1.69%
	6,000	-	-	6,000	12,672	3.70%	3.67%	1.69%
Total	14,000	-	-	14,000	50,478	14.74%	14.61%	2.87%
Cost of investments as at September 30, 2010					<u>54,379</u>			

4.3.2 Term Finance Certificates - Unlisted

Name of the investee company	Number of certificates				Market Value at September 30, 2010	Market Value as a percentage of		
	As at July 01, 2010	Purchases during the period	Sales during the period	As at September 30, 2010		total investment	net assets	issue size
(Rupees in '000)								
Financial Services								
Orix Leasing Pakistan Limited (Face value Rs. 100,000 each)	220	-	-	220	17,142	5.01%	4.96%	0.34%
	220	-	-	220	17,142	5.01%	4.96%	0.34%
Total	220	-	-	220	17,142	5.01%	4.96%	0.34%
Cost of investments as at September 30, 2010					<u>18,333</u>			

4.3.3 Significant terms and conditions of Term Finance Certificates outstanding as at September 30, 2010 are as follows.

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
United Bank Limited	4,995	0.85%+6 Month KIBOR	14-Feb-08	14-Feb-18
NIB Bank Limited	4,995	1.15%+6 Month KIBOR	5-Mar-08	5-Mar-16
Saudi Pak Leasing Company Limited	3,124	1.50%+6 Month KIBOR	13-Mar-08	13-Mar-13
Orix Leasing Ltd -Privately Placed	83,333	1.20%+6 Month KIBOR	15-Jan-08	15-Jul-13

4.4 Investment in Government Securities - Available for sale

Issue Date	Tenor	Face Value				Market Value at September 30, 2010	Market Value as percentage of	
		As at July 01, 2010	Purchases during the period	Sales during the period	As at September 30, 2010		total investment	net assets
(Rupees in '000)								
Treasury Bill								
October 8, 2009	3 Months	50,000	-	50,000	-	-	-	-
February 25, 2010	6 Months	-	25,000	25,000	-	-	-	-
August 26, 2010	3 Months	-	75,000	-	75,000	73,790	21.55%	21.35%
August 13, 2010	3 Months	-	30,000	-	30,000	29,662	8.66%	8.58%
April 22, 2010	6 Months	-	25,000	-	25,000	24,836	7.25%	7.19%
		50,000	155,000	75,000	130,000	128,288	37.47%	37.12%
Cost of investments as at September 30, 2010					<u>128,288</u>			

4.5 Investments include shares and Term Finance Certificates having market value aggregating to Rs. 25.979 million that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by the SECP.

	Note	September 30, 2010 (Un-audited) (Rupees in '000)	September 30, 2009 (Un-audited) (Rupees in '000)
4.6 Net unrealised appreciation in fair value of investments classified as 'available for sale'			
Market value of investments		342,353	578,572
Less: Cost of investments		344,426	587,355
Less: Impairment	4.7	(18,483)	(67,225)
		<u>325,943</u>	<u>520,130</u>
		16,410	58,442
Net unrealised appreciation in fair value of investments classified as 'available for sale' at the beginning of year		(13,935)	(1,400)
		<u>2,475</u>	<u>57,042</u>
4.7	As at June 30, 2010, an impairment loss of Rs 24.100 million was held in respect of equity securities classified as available for sale. During the period, impairment loss amounting to Rs 9.9715 million has been reversed due to sale of related shares.		
	Note	September 30, 2010 (Un-audited) (Rupees in '000)	June 30, 2010 (Audited) (Rupees in '000)
5 DIVIDEND AND PROFIT RECEIVABLE			
Profit receivable on bank deposits		93	112
Dividend receivable		2,196	364
Income accrued on Term Finance Certificates		1,127	4,196
		<u>3,416</u>	<u>4,672</u>
6 ADVANCES, DEPOSITS , PREPAYMENTS AND OTHER RECEIVABLES			
Advance against subscription of Term Finance Certificates		25,000	25,000
Security deposits with National Clearing Company of Pakistan Limited		2,500	2,500
Security deposits with Central Depository Company of Pakistan Limited		100	100
Receivable against maturity of Term Finance Certificates (TFCs)		3,748	-
Prepaid annual rating fee		98	105
		<u>31,446</u>	<u>27,705</u>
Less: Provision in respect of advance against subscription of Term Finance Certificates	6.1	(25,000)	(25,000)
Less: Provision against maturity of Term Finance Certificates	6.2	(3,748)	-
		<u>2,698</u>	<u>2,705</u>
6.1	The Fund had subscribed towards the Term Finance Certificates of an issuer as Pre-IPO 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 September 30, 2010. 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 June 30, 2010, 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.		
6.2	Saudi Pak Leasing Company Limited default is payment of coupon due on September 13, 2010. In according with the requirements of Circular no. 1 of 2009 and Circular no.3 of 2010 issued by the Securities and Exchange Commission of Pakistan ,no further mark-up is being accrued after September 13, 2010 and mark-up already accrued has has been reversed. Provision amounting to Rs. 8.1010 million has been made in accordance with the provision policy as approved by the Board of Director of the Management Company.		

	Note	September 30, 2010 (Un-audited)	June 30, 2010 (Audited)
7		(Rupees in '000)	
		PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	
	7.1	568	1,221
		521	598
		2,500	2,500
		100	100
		2	-
		8	
		<u>3,699</u>	<u>4,419</u>

- 7.1 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 for the current year.

	Note	September 30, 2010 (Un-audited)	June 30, 2010 (Audited)
8		(Rupees '000)	
		ACCRUED EXPENSES AND OTHER LIABILITIES	
		106	260
		88	41
	10	1,309	1,246
		17	17
		<u>1,520</u>	<u>1,564</u>

9 EARNING PER UNIT

Earnings Per Unit (EPU) for the period ended September 30, 2010 has not been disclosed as, in the opinion of the management, determination of weighted average units for calculating earnings per unit is not practicable.

10 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund (WWF) Ordinance, 1971, whereby the definition of "industrial establishment" was amended to include therein, any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. Management Company of the Fund, based on a legal advice obtained through Mutual Funds Association of Pakistan (MUFAP) was of a firm view that Collective Investment Scheme (CIS) were not establishments and therefore, the WWF Ordinance should not be applicable to such schemes. The MUFAP had also filed a constitutional petition in the High Court of Sindh (the Court) on behalf of the members, challenging the applicability of WWF to the CIS. The said petition was dismissed by the Court vide its order dated May 25, 2010 on the main ground that the MUFAP (Petitioner) could not be held entitled to maintain a petition in respect of its members as it was not the aggrieved party, and the main ground could be examined when the aggrieved parties directly approached the Court for redressal.

Consequently, on June 30, 2010, a constitutional petition was filed in the High Court of Sindh by certain representative CIS and approved pension funds under the Voluntary Pension System Rules, 2005, through their trustees, M/S Central Depository Company of Pakistan Limited, and with the management companies, which is pending adjudication.

In the meantime, clarification has been obtained by the MUFAP from the Ministry of Labour & Manpower, Workers' Welfare Fund, Government of Pakistan, which, through their letter No.s WWF (A – II)11.(5)/2010 dated July 8, 2010 and July 15, 2010, has clarified that the WWF Ordinance, 1971 does not have any provisions for the applicability of WWF on those entities whose income are exempt from income tax under any provisions of any law, and that mutual funds are a product being managed / sold by asset management companies which are liable to contribute towards the said WWF levy. Varying treatments have been followed in the industry with regard to recognition of provision for WWF as some funds have recognised provision for WWF while others have not. The various clarifications and legal advises obtained by the MUFAP are presently under consideration of the management. In the meantime, as a matter of prudence and abundant caution, the management company of the Fund has decided to recognise a provision for WWF in these financial statements.

11 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.

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

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

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

	For the quarter ended September 30, 2010	For the quarter ended September 30, 2009
11.1 Details of the transactions with connected persons are as follows:	(Rupees in '000)	
HBL Asset Management Limited - Management Company		
Management fee	1,782	3,077
Habib Bank Limited - Sponsor		
Bonus units: 518,462 (2009: nil units)	41,716	-
Bank charges paid during the year	15	6
Profit on bank deposits during the period	69	81
Profit on bank deposits received during the period	110	2,710
Sale of shares: 45,815 ordinary shares (2009: 32,000 ordinary shares)	4,475	1,928
Loss on sale of shares	(2,218)	(665)
Directors and Executives of the Management Company and their relatives		
Bonus units issued: 11,406 (2009: nil units)	918	-
OTHER ASSOCIATES		
BOC Pakistan Limited		
Sale of shares: 10,679 ordinary shares (2009: nil ordinary shares)	788	-
Loss on sale of shares	(737)	-
Packages Limited		
Sale of shares: 12,000 ordinary shares (2009: nil ordinary shares)	1,318	-
Bonus shares received: 1,845 ordinary shares (2009: nil ordinary shares)	(730)	-
Central Depository Company of Pakistan Ltd. - Trustee		
Trustee remuneration	179	308
Central Depository Service charges	3	7

	September 30, 2010 (Un-audited)	June 30, 2010 (Audited)
	(Rupees in '000)	
11.2 Balances outstanding as at year end		
HBL Asset Management Limited - Management Company		
Management fee payable	568	1,027
Sales load payable	2	89
Preliminary expenses and floatation costs payable	521	1,135
Security deposit paid by Management Company on behalf of the Fund to National Clearing Company of Pakistan Limited - payable	2,500	2,500
Security deposit paid by Management Company on behalf of the Fund to Central Depository Company Limited - payable	100	100
Annual listing fee paid by Management Company on behalf of the Fund - payable	-	30
Other payable	8	-
Habib Bank Limited - Sponsor		
Investment held in the Fund: 3,125,678 units (2009: 2,607,216 units)	255,618	243,592
Bank balances	750	7,751
Profit receivable on bank deposits	7	52
Ordinary shares held: 143,070 ordinary shares (2009: 251,508 ordinary shares)	13,623	30,858
Directors and Executives of the Management Company and their relatives		
Investment held in the Fund: 68,764 units (2009: 57,358 units)	5,623	5,359
Associated Companies		
New Jubilee Life Insurance Company Limited		
Ordinary shares held: 11,500 ordinary shares (2009: 11,500 ordinary shares)	483	499
BOC Pakistan Limited		
Ordinary shares held: 11,471 ordinary shares (2009: 28,800 ordinary shares)	883	3,816
International Industries Limited		
Ordinary shares held: Nil (2009: 27,940 ordinary shares)	-	1,591
Packages Limited		
Ordinary shares held: 10,000 ordinary shares (2009: 7,845 ordinary shares)	1,010	1,276
Central Depository Company of Pakistan Ltd. - Trustee		
Remuneration payable	58	103

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company October 28, 2010.

13 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director

DISTRIBUTION NETWORK

1. Branches of Habib Bank Limited

Sindh Karachi

Habib bank Limited
Bahadurabad Branch,
Mariam Complex, Bahadurabad, Karachi.
Phone: 021-34940585-6
Fax: 021-34940584

Habib bank Limited
Iqbal Library Branch
Gigar Muradabadi Road, Near Islamia College,
Karachi.
Phone: 021-34922310, 021-34913311
Fax: 021-34914411

Habib bank Limited
Tariq Road Commercial Center Branch,
172-u, Block-2, Karachi.
Phone: 021-34534748, 021-34534681
Fax: 021-34522627

Habib bank Limited
Shahra-e-Pakistan Branch,
F.B Area Karachi.
Phone: 021-36331445, 021-36317073
Fax: 021-36317086

Habib bank Limited
Corporate Branch,
2nd Floor, HBL Plaza, I.I. Chundrigar
Road, Karachi.
Phone: 021-32418000
Fax: 021-32413839

Habib bank Limited
Kehkashan Branch,
F-101/5, Block-7, Kehkashan Clifton, Karachi.
Phone: 021-35875935-40
Fax: 021-35875914

Habib bank Limited
Foreign Exchange Branch,
M.A. Jinnah Road, Habib Squire, Karachi.
Phone: 021-39213996-97
Fax: 021-39213436

Habib bank Limited
Clifton Broadway Branch,
Broadway House, Karachi.
Phone: 021-35301074-76
Fax: 021-35873310

Habib bank Limited
Nursery Branch,
Main Shahra-e-Faisal, Jamshed Town, Karachi.
Phone: 021-34381304, 021-34524661
Fax: 021-34538482

Habib bank Limited
Khayaban-e-Saadi Branch,
Block-2, Clifton, Karachi.
Phone: 021-35810045-46
Fax: 021-35810047

Habib bank Limited
Shahra-e-Jahangir Branch,
Block L, North Nazimabad, Karachi.
Phone: 021-36648034-36629671
Fax: 021-6642090

Jacobabad

Habib Bank Limited
Quid-e Azam Road,
Jacobabad.
Phone: 0722-653977,0722-650933

Punjab Lahore

Habib bank Limited
Allama Iqbal Town Branch
Dubai Chowk, Lahore.
Phone: 042-37840560, 042-37841464
Fax: 042-37446584

Habib Bank Limited
Bank Square, Model Town Branch,
Lahore.
Phone: 042-35915574-75, 042-35844842
Fax: 042-35915573

Habib Bank Limited
The Mall Road Branch, 5, Bank square,
Nila Gumbad, Lahore.
042-37232422-27-35-51-37-46
Fax: 042-37232537-479

Habib Bank Limited
Cantonment Branch
322-H. Sarwar Road, Cantt Lahore.
Phone: 042-36622620-6
Fax: 042-36622625

Habib Bank Limited
Gulberg Main Market Branch,
Lahore.
Phone: 042-35757575, 042-35755602,
Fax: 042-35760636

Habib Bank Limited
Lahore Development Authority Branch
7-Egertan Road, Data Gunj Bukhsh
Town, Lahore.
Phone: 042-36375299/36375974-76-78
Fax: 042-36302032

Habib Bank Limited

19-Ali Block New Garden Town Branch, Lahore
Phone: 042-35912481-85
Fax: 042-35912486

Habib Bank Limited

Corporate Branch
Habib Bank Corporate Centre, 102,103 Upper Mall,
Lahore.
Phone: 042-36281655, 042-36281820, 042-36281665
Fax: 042-36281661

Gujranwala**Habib Bank Limited**

Satellite Town Branch
Main Market, Satellite Town, Gujranwala.
Phone: 055-9200590-1
Fax: 055-9200590

Faisalabad**Habib Bank Limited**

Madina Town Branch
Madina Town, Faisalabad.
Phone: 041-9220122, 041-9220124
Fax: 041-9220123

Habib Bank Limited

West Canal Road, Faisalabad.
Phone: 041-8532077
Fax: 041-8531985

Habib Bank Limited

HBL Corporate Centre
1152 Circular Road, Faisalabad.
Phone: 041-9200038
Fax: 041-9201041

Rawalpindi**Habib Bank Limited**

Kashmir Road Branch
Kashmir Road Saddar, Cantt, Rawalpindi.
Phone: 051-5700107, 051-5582905
Fax: 051-5567928

Islamabad**Habib Bank Limited**

Jinnah Avenue Branch, Islamabad
Phone: 051-2201761, 051-2201228
Fax: 051-2822290

Habib Bank Limited

Corporate Branch
Ground Floor, HBL Tower, Blue Area,
Islamabad
Phone: 051-2820683
Fax: 051-2822206

NWFP**Peshawar****Habib Bank Limited**

Arbab Road Branch
Peshawar Cantt. Peshawar.
Phone: 091-5272167, 091-9211161
Fax: 091-5278869

Balochistan**Quetta****Habib Bank Limited**

Complex Branch
Shahrah-e-Gulistan, Quetta.
Phone: 081-22836575, 081-2829379
Fax: 081-2825791

2. OTHER DISTRIBUTORS

Alfalsh Securities (Pvt.) Limited
12th Floor, Saima Trade Tower,
I.I Chundrigar Road, Karachi.
Phone: 021-39217810-19
Fax: 021-39217827

ANZ Financial Consultant
F-26/2, Block-5, Kehkashan,
Clifton, Karachi.
Phone: 021-35379511
Fax: 021-35874348

Elixir Securities Pakistan (Pvt.) Limited
First Floor, P & O Plaza,
I.I Chundrigar Road, Karachi.
Phone: 021-111-354-947
Fax: 021-32420527- 32418925

IGI Investment Bank Limited
Floor-7, The Forum, Suit 701-713, G-20,
Block, Khayaban-e-Jami, Karachi.
Phone: 021-111-234-234
Fax: 021-111-567-567