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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. Tawfiq 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. Tawfiq 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 Building 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

### Website

[www.hblasset.com](http://www.hblasset.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

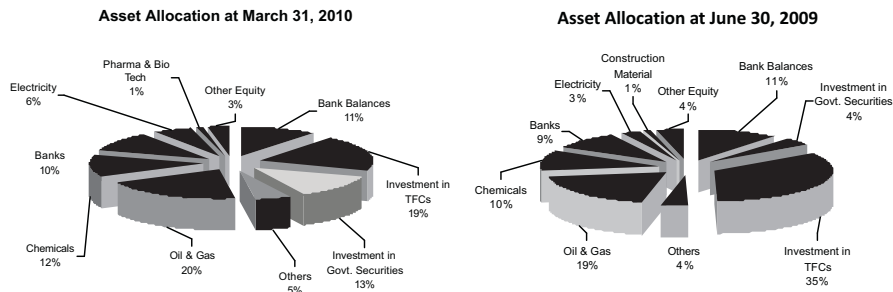
The Board of Directors of HBL Asset Management Limited is pleased to present its report together with the financial statements of **HBL Multi Asset Fund** (the Fund) for the nine months ended March 31, 2010.

### Fund's Performance

During the period the Fund earned total and net income of Rs 93.71 million and Rs 49.14 million respectively. The Net Asset Value (NAV) of the Fund increased from Rs 80.94 per unit at July 1, 2009 to Rs 100.06 per unit as on March 31, 2010 showing an annualized return of 23.62%. During the same period the benchmark return was 27.30%.

### Asset Allocation

The asset allocation of the Fund in various sectors and asset classes as on March 31, 2010 was as under:



The Fund increased its equity exposure from 48% in June 2008 to 52% as on March 31, 2010. The exposure in equity was mainly increased in Chemicals, Electricity, Oil & Gas and Banks sectors. During the period under the Fund has also decreased its exposure in TFCs from 35% to 19%.

### Market Review and Future Outlook

During the period July – December 2009, the State Bank of Pakistan (SBP) reduced the policy rate by 150 bps to 12.5%. The first reduction in the policy rate by 100 bps was made on August 17, 2009 followed by another cut of 50 bps on November 25, 2009. However, the SBP has decided to keep the policy rate unchanged at 12.5 percent in March 2010. During the quarter ended March 31, 2010 the money market remained fairly liquid. The average one month KIBOR which was 13.35% in June 2009 gradually declined to 12% by July 2009. It, however, increased to 12.80% in October 2009, but declined subsequently to close at 12.46% by March 31, 2010. During the period January – March 2010, some trading activity was observed in the TFCs of banking and fertilizer sectors.

The Capital market was bullish. The KSE-100 index recorded significant growth of 42.11% during the first nine months of current fiscal year 2009-10 to close at 10,178 points. Overall, KSE 100 index gained 3,079 points during this period, starting with 7,162 points and touching the highest level of 10,285 on 31st March, 2010. Trading volume also improved during this period as average daily turnover remained at 171.45 million shares as compared to 80.62 million shares in the first nine months of FY 08-09. The improvement in market sentiments can mainly be attributed to substantial inflow of foreign portfolio investors of around US \$ 450 million in the first nine months of current year as against a net outflow of US \$ 502 million in the same period last year. Other factors such as decline in current account deficit, increase in remittances, declining trend in inflation and substantial increase in foreign exchange reserve were the other factors which supported the market sentiments.

### 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: April 16, 2010  
Place: Karachi

**HBL MULTI ASSET FUND  
CONDENSED INTERIM STATEMENT OF  
ASSETS AND LIABILITIES  
AS AT MARCH 31, 2010**

|   | Note | March 31,<br>2010<br>(Un-audited)<br>----- (Rupees in '000) ---- | June 30,<br>2009<br>(Audited) |
|---|------|--|-------------------------------|
| <b>ASSETS</b>   |      |  |                               |
| Bank balances   |      | 41,028   | 68,204                        |
| Investments   | 4    | 322,327  | 514,152                       |
| Dividend and profit receivable                                      | 5    | 6,284  | 14,235                        |
| Preliminary expenses and floatation costs                           |      | 616  | 787                           |
| Advances, deposits, prepayments and other receivables               | 6    | 11,138   | 9,530                         |
| <b>Total assets</b>   |      | <u>381,393</u>   | <u>606,908</u>                |
| <b>LIABILITIES</b>  |      |  |                               |
| Payable to HBL Asset Management Limited - Management Company        | 7    | 4,365  | 4,799                         |
| Payable to Central Depository Company of Pakistan Limited - Trustee |      | 63   | 95                            |
| Payable to Securities and Exchange Commission of Pakistan           |      | 315  | 539                           |
| Accrued expenses and other liabilities                              | 8    | 674  | 22,651                        |
| <b>Total liabilities</b>  |      | <u>5,417</u>   | <u>28,084</u>                 |
| <b>NET ASSETS</b>   |      | <u><u>375,976</u></u>  | <u><u>578,824</u></u>         |
| <b>UNIT HOLDERS' FUNDS (AS PER MOVEMENT IN UNIT HOLDERS' FUND)</b>  |      | <u><u>375,976</u></u>  | <u><u>578,824</u></u>         |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                | 10   |  |                               |
|   |      | <b>Number of units</b>   |                               |
| <b>NUMBER OF UNITS IN ISSUE</b>                                     |      | <u><u>3,757,372</u></u>  | <u><u>7,151,130</u></u>       |
|   |      | <b>Rupees</b>  |                               |
| <b>NET ASSETS VALUE PER UNIT</b>                                    |      | <u><u>100.06</u></u>   | <u><u>80.94</u></u>           |

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**HBL MULTI ASSET FUND  
CONDENSED INTERIM INCOME  
STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010**

|  | Note | Nine months ended |           | Quarter ended |         |
|--|------|-------------------|-----------|---------------|---------|
|  |      | March 31,         |           | March 31,     |         |
|  |      | 2010              | 2009      | 2010          | 2009    |
| ----- (Rupees in '000) -----   |      |                   |           |               |         |
| <b>INCOME</b>  |      |                   |           |               |         |
| Dividend income  |      | 14,554            | 11,607    | 6,176         | 5,083   |
| Income from Continuous Funding System (CFS) transactions   |      | -                 | 617       | -             | -       |
| Profit on bank deposits  |      | 2,240             | 12,488    | 654           | 4,507   |
| Income from Term Finance Certificates  |      | 17,559            | 25,224    | 3,858         | 9,120   |
| Income from Government Securities  |      | 3,516             | -         | 211           | -       |
| Income from reverse repurchase and other money market transactions   |      | -                 | 38        | -             | -       |
| Capital gain / (loss) on sale of investments - net   |      | 61,121            | (29,110)  | 385           | (912)   |
| Other income   |      | -                 | 494       | -             | 32      |
|  |      | 98,990            | 21,358    | 11,284        | 17,830  |
| Unrealised appreciation / (diminution) in value of investments at fair value through profit or loss - net  | 4.6  | 1,545             | 340       | 19            | 2,910   |
| Impairment loss on investments classified as 'available for sale' - net  |      | (575)             | (206,014) | -             | -       |
| Provision in respect of advance against subscription towards issue of Term Finance Certificates  |      | (6,250)           | (18,750)  | (104)         | -       |
| <b>Total income</b>  |      | 93,710            | (203,066) | 11,199        | 20,740  |
| <b>OPERATING EXPENSES</b>  |      |                   |           |               |         |
| Remuneration of HBL Asset Management Limited - Management Company  |      | 7,404             | 8,852     | 1,806         | 2,513   |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee   |      | 741               | 885       | 181           | 251     |
| Annual fee - Securities and Exchange Commission of Pakistan  |      | 315               | 414       | 77            | 107     |
| Securities transaction cost  |      | 71                | 119       | 11            | 14      |
| Auditors' remuneration   |      | 236               | 280       | 72            | 126     |
| Settlement and bank charges  |      | 146               | 53        | 52            | 10      |
| Amortisation of preliminary expenses and floatation costs  |      | 170               | 171       | 56            | 57      |
| Other expenses   |      | 206               | 21        | 45            | 6       |
| <b>Total operating expenses</b>  |      | 9,289             | 10,795    | 2,300         | 3,084   |
| <b>Net income / (loss) from operating activities</b>   |      | 84,421            | (213,861) | 8,899         | 17,656  |
| Net element of accrued income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed  |      | (35,282)          | (172)     | (5,137)       | (216)   |
| <b>Net income / (loss) for the period before taxation</b>  |      | 49,139            | (214,033) | 3,762         | 17,440  |
| Taxation   | 9    | -                 | -         | -             | -       |
| <b>Net income / (loss) for the period after taxation</b>   |      | 49,139            | (214,033) | 3,762         | 17,440  |
| <b>OTHER COMPREHENSIVE INCOME</b>  |      |                   |           |               |         |
| 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 |      | 60,764            | 5,026     | 5,317         | 2,376   |
| Net unrealised appreciation / (diminution) during the period in market value of securities classified as available for sale  | 4.7  | 33,337            | 102,495   | 9,008         | 94,184  |
| <b>Total comprehensive income / (loss) for the period - net</b>  |      | 143,240           | (106,512) | 18,087        | 114,000 |
| <b>Earnings per unit</b>   | 11   |                   |           |               |         |

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**HBL MULTI ASSET FUND  
CONDENSED INTERIM DISTRIBUTION  
STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010**

|  | Nine months ended<br>March 31,      |                  |
|--|-------------------------------------|------------------|
|  | 2010                                | 2009             |
|  | ----- <b>(Rupees in '000)</b> ----- |                  |
| Accumulated (loss) / undistributed income brought forward  | (139,298)                           | 29,717           |
| Net income / (loss) for the period   | 49,139                              | (214,033)        |
| 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 | 60,764                              | 5,026            |
| Final distribution for the year ended June 30, 2009: Nil [(2008:Rs. 4.00 per unit (Date of distribution : July 5, 2008)]   |                                     |                  |
| - Cash distribution  | -                                   | (3,800)          |
| - Bonus units: Nil (2008: 276,203 bonus units)   | -                                   | (25,761)         |
|  | -                                   | (29,561)         |
| Net income / (loss) for the period less distribution   | 109,903                             | (238,568)        |
| Accumulated loss carried forward   | <u>(29,395)</u>                     | <u>(208,851)</u> |

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

**HBL MULTI ASSET FUND  
CONDENSED INTERIM STATEMENT OF MOVEMENT  
IN UNIT HOLDER FUND (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010**

|   | Note | Nine months ended |                |
|---|------|-------------------|----------------|
|   |      | March 31,<br>2010 | 2009           |
| ------(Rupees in '000)-----   |      |                   |                |
| Net assets at the beginning of the period   |      | 578,824           | 718,849        |
| Issue of 2,823 units (March 31, 2009 : 9,086 units)   |      | 265               | 730            |
| Redemption of 3,396,581 units (March 31, 2009 : 366,539 units)  |      | (320,871)         | (29,215)       |
|   |      | (320,606)         | (28,485)       |
| 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 statement of income   |      | 35,282            | 172            |
| - amount representing (income) / losses that form part of the unit holders' fund - transferred to Distribution Statement  |      | (60,764)          | (5,026)        |
|   |      | (25,482)          | (4,854)        |
| Net unrealised appreciation / (diminution) during the period in market value of securities classified as available for sale   | 4.7  | 33,337            | 102,495        |
| Capital gain / (loss) on sale of investments  |      | 61,121            | (29,110)       |
| Net unrealised appreciation / (diminution) in value of investments 'at fair value through profit or loss' - net   |      | 1,545             | 340            |
| 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 |      | 60,764            | 5,026          |
| Other net loss for the period   |      | (13,527)          | (185,263)      |
|   |      | 109,903           | (209,007)      |
| Final distribution for the year ended June 30, 2009: Nil (2008: Rs 4.00 per unit)   |      |                   |                |
| Cash distribution   |      | -                 | (3,800)        |
| Bonus distribution  |      | -                 | (25,761)       |
|   |      | -                 | (29,561)       |
| Distribution of Nil bonus units (2008: 276,203 units) for the period / year   |      | -                 | 25,761         |
| Net assets as at the end of the period  |      | <u>375,976</u>    | <u>575,198</u> |

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

**HBL MULTI ASSET FUND  
CONDENSED INTERIM CASH FLOW  
STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010**

|   | <b>Nine months ended</b>    |                       |
|---|-----------------------------|-----------------------|
|   | <b>March 31,</b>            |                       |
|   | <b>2010</b>                 | <b>2009</b>           |
|   | ------(Rupees in '000)----- |                       |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                             |                       |
| Net income / (loss) for the period  | 49,139                      | (214,033)             |
| <b>Adjustments for non-cash items:</b>  |                             |                       |
| Unrealised (appreciation) in value of investments at fair value through profit or loss - net                            | (1,545)                     | (340)                 |
| Amortisation of preliminary expenses and floatation costs   | 170                         | 171                   |
| Impairment loss on investments classified as 'available for sale' - net   | 575                         | 206,014               |
| Provision in respect of advance against subscription towards Term Finance Certificates                                  | 6,250                       | 18,750                |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed | 35,282                      | 172                   |
|   | <u>89,871</u>               | <u>10,734</u>         |
| <b>Increase / (decrease) in assets</b>  |                             |                       |
| Receivable against Continuous Funding System (CFS) transactions   | -                           | 26,122                |
| Investments - net   | 213,633                     | (128,489)             |
| Investment in money market placements   | -                           | 9,962                 |
| Dividend and profit receivable  | 7,951                       | (4,451)               |
| Advances, deposits, prepayments and other receivables   | 4,642                       | 75,698                |
|   | <u>226,226</u>              | <u>(21,158)</u>       |
| <b>(Decrease) / increase in liabilities</b>   |                             |                       |
| Payable to HBL Asset Management Limited - Management Company  | (434)                       | (260)                 |
| Payable to Central Depository Company of Pakistan Limited - Trustee   | (32)                        | (26)                  |
| Payable to Securities and Exchange Commission of Pakistan   | (224)                       | 56                    |
| Accrued expenses and other liabilities  | (21,977)                    | (1,973)               |
|   | <u>(22,667)</u>             | <u>(2,203)</u>        |
| <b>Net cash generated from / (used in) operating activities</b>   | <u>293,430</u>              | <u>(12,627)</u>       |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                             |                       |
| Net payments against redemption of units  | (320,606)                   | (28,485)              |
| Distributions paid  | -                           | (3,800)               |
| <b>Net cash outflow on financing activities</b>   | <u>(320,606)</u>            | <u>(32,285)</u>       |
| <b>Net (decrease) / increase in cash and cash equivalents during the period</b>   | <u>(27,176)</u>             | <u>(44,912)</u>       |
| <b>Cash and cash equivalents at the beginning of the period</b>   | 68,204                      | 153,647               |
| <b>Cash and cash equivalents at the end of the period</b>   | <u><u>41,028</u></u>        | <u><u>108,735</u></u> |

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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

**Chief Executive**

**Director**

**HBL MULTI ASSET FUND  
CONDENSED INTERIM NOTES TO THE  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 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, equity related instruments, fixed income securities, continuous funding system, derivatives, money market instruments and other asset classes / securities / instruments.

JCR-VIS Credit Rating Agency has assigned management quality rating of 'AM3+' to the Management Company. JCR-VIS has assigned one year Fund Performance Ranking at MFR 4-Star and two year Fund Performance Ranking at MFR-4 Star to the Fund based on financial information of period ended December 31, 2009.

**2 STATEMENT OF COMPLIANCE**

- 2.1 These condensed interim 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 provisions of 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 the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

**3 SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2009 except for the changes mentioned below:

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position (referred to as the statement of assets and liabilities in these condensed interim financial statements) as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and the comparative period.

The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present one performance statement. As a result non-owner changes in equity which were previously credited directly in the statement of movement in unit holders' fund and the distribution statement are now shown as other comprehensive income in the performance statement (referred to as income statement in these condensed interim financial statements). The change in presentation has not affected the values of the net assets of the Fund for either the current or any of the prior periods and hence a restated statement of assets and liabilities has not been presented.

- 3.2 The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2009:

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's financial statements.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Fund's financial position or performance.

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. One of the particular features is that apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity. In this connection, Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 mandate the payment of 90% of the Fund's profits for the year as dividends, therefore the amendment has not changed the classification of units.

- 3.3 There are other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2009 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

|  | Note  | March 31,<br>2010<br>(Unaudited) | June 30,<br>2009<br>(Audited) |
|--|-------|----------------------------------|-------------------------------|
| <b>4 INVESTMENTS</b>                                 |       |                                  |                               |
| <b>At fair value through profit or loss</b>          |       |                                  |                               |
| Listed equity securities                             | 4.1   | 9,028                            | 10,234                        |
| <b>Available for sale</b>                            |       |                                  |                               |
| Listed equity securities                             | 4.2   | 190,851                          | 274,458                       |
| Term Finance Certificates - Listed                   | 4.3.1 | 53,797                           | 109,237                       |
| Term Finance Certificates and Sukuk bonds - Unlisted | 4.3.2 | 19,674                           | 95,163                        |
| Government Securities                                | 4.4   | 48,977                           | 25,060                        |
|  |       | <u>322,327</u>                   | <u>514,152</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 March 31, 2010 | Market Value as a percentage of |              |                                  |
|---|---------------------|-----------------------------|---------------------------------------|-------------------------|----------------------|--------------------------------|---------------------------------|--------------|----------------------------------|
|   | As at July 01, 2009 | Purchases during the period | Bonus/ Rights issue during the period | Sales during the period | As at March 31, 2010 |                                | total investment                | net assets   | paid capital of investee company |
| (Rupees in '000)                          |                     |                             |                                       |                         |                      |                                |                                 |              |                                  |
| <b>Financial Services</b>                 |                     |                             |                                       |                         |                      |                                |                                 |              |                                  |
| Arif Habib Securities Limited             | 57,500              | -                           | -                                     | 57,500                  | -                    | -                              | -                               | -            | -                                |
| Jahangir Siddiqui & Company Limited       | 78,000              | 4,500                       | -                                     | 82,500                  | -                    | -                              | -                               | -            | -                                |
|   | 135,500             | 4,500                       | -                                     | 140,000                 | -                    | -                              | -                               | -            | -                                |
| <b>Banks</b>                              |                     |                             |                                       |                         |                      |                                |                                 |              |                                  |
| Askari Bank Limited                       | -                   | 10,000                      | 1,000                                 | 5,000                   | 6,000                | 127                            | 0.04%                           | 0.03%        | 0.00%                            |
| Bank Al-Falah Limited                     | 12,656              | 70,000                      | -                                     | 45,656                  | 37,000               | 459                            | 0.14%                           | 0.12%        | 0.00%                            |
| MCB Bank Limited                          | -                   | 8,000                       | -                                     | 8,000                   | -                    | -                              | -                               | -            | -                                |
| National Bank of Pakistan                 | -                   | 7,608                       | -                                     | 7,608                   | -                    | -                              | -                               | -            | -                                |
| NIB Bank Limited                          | 20,000              | -                           | -                                     | 20,000                  | -                    | -                              | -                               | -            | -                                |
| United Bank Limited                       | 33,800              | 13,000                      | -                                     | 46,800                  | -                    | -                              | -                               | -            | -                                |
|   | 66,456              | 106,608                     | 1,000                                 | 133,064                 | 43,000               | 586                            | 0.18%                           | 0.16%        | -                                |
| <b>Personal Goods</b>                     |                     |                             |                                       |                         |                      |                                |                                 |              |                                  |
| Azgard Nine Limited                       | -                   | 25,000                      | -                                     | 25,000                  | -                    | -                              | -                               | -            | -                                |
| Nishat Mills Limited                      | -                   | 21,900                      | -                                     | 21,900                  | -                    | -                              | -                               | -            | -                                |
|   | -                   | 46,900                      | -                                     | 46,900                  | -                    | -                              | -                               | -            | -                                |
| <b>Construction and Materials</b>         |                     |                             |                                       |                         |                      |                                |                                 |              |                                  |
| D. G. Khan Cement Company Limited         | -                   | -                           | -                                     | -                       | -                    | -                              | -                               | -            | -                                |
| Lucky Cement Limited                      | -                   | 20,000                      | -                                     | 20,000                  | -                    | -                              | -                               | -            | -                                |
|   | -                   | 20,000                      | -                                     | 20,000                  | -                    | -                              | -                               | -            | -                                |
| <b>Oil and Gas</b>                        |                     |                             |                                       |                         |                      |                                |                                 |              |                                  |
| Pakistan Refinery Limited                 | 10,200              | -                           | -                                     | 10,200                  | -                    | -                              | -                               | -            | -                                |
| Pakistan Petroleum Limited                | -                   | 15,000                      | -                                     | -                       | 15,000               | 2,931                          | 0.91%                           | 0.78%        | 0.00%                            |
| Pakistan State Oil Company Limited        | 9,500               | 21,000                      | -                                     | 13,500                  | 17,000               | 5,266                          | 1.63%                           | 1.40%        | 0.01%                            |
|   | 19,700              | 36,000                      | -                                     | 23,700                  | 32,000               | 8,197                          | 2.54%                           | 2.18%        | -                                |
| <b>Chemicals</b>                          |                     |                             |                                       |                         |                      |                                |                                 |              |                                  |
| ICI Pakistan Limited                      | 5,000               | 4,000                       | -                                     | 9,000                   | -                    | -                              | -                               | -            | -                                |
| Engro Polymer & Chemical Limited          | 20,000              | -                           | -                                     | 5,000                   | 15,000               | 225                            | 0.07%                           | 0.06%        | 0.00%                            |
| Engro Polymer & Chemical Limited (Rights) | -                   | -                           | 4,125                                 | -                       | 4,125                | 20                             | 0.01%                           | 0.01%        | 0.00%                            |
| Engro Chemical Pakistan Limited           | -                   | 14,000                      | -                                     | 14,000                  | -                    | -                              | -                               | -            | -                                |
| Fauji Fertilizer Bin Qasim Limited        | -                   | -                           | -                                     | -                       | -                    | -                              | -                               | -            | -                                |
| Fauji Fertilizer Company Limited          | 14,750              | 17,000                      | -                                     | 31,750                  | -                    | -                              | -                               | -            | -                                |
|   | 39,750              | 35,000                      | 4,125                                 | 59,750                  | 19,125               | 245                            | 0.08%                           | 0.07%        | -                                |
| <b>Total</b>                              | <b>261,406</b>      | <b>251,008</b>              | <b>5,125</b>                          | <b>423,414</b>          | <b>94,125</b>        | <b>9,028</b>                   | <b>2.80%</b>                    | <b>2.40%</b> |                                  |
| Cost of investments as at March 31, 2010  |                     |                             |                                       |                         |                      | <b>8,825</b>                   |                                 |              |                                  |

#### 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 March 31, 2010 | Market Value as a percentage of |            |                                  |
|--|---------------------|-----------------------------|---------------------------------------|-------------------------|----------------------|--------------------------------|---------------------------------|------------|----------------------------------|
|  | As at July 01, 2009 | Purchases during the period | Bonus/ Rights issue during the period | Sales during the period | As at March 31, 2010 |                                | total investment                | net assets | paid capital of investee company |
| (Rupees in '000)   |                     |                             |                                       |                         |                      |                                |                                 |            |                                  |
| <b>Banks</b>   |                     |                             |                                       |                         |                      |                                |                                 |            |                                  |
| Allied Bank Limited  | 15,780              | 2,000                       | 978                                   | 6,000                   | 12,758               | 766                            | 0.24%                           | 0.20%      | 0.00%                            |
| Bank Al-Falah Limited                                      | 71,062              | 30,000                      | -                                     | 101,062                 | -                    | -                              | -                               | -          | -                                |
| Habib Bank Limited - related party                         | 283,508             | -                           | 18,080                                | 102,703                 | 198,885              | 21,991                         | 6.82%                           | 5.85%      | 0.02%                            |
| MCB Bank Limited   | 15,750              | 12,000                      | 1,500                                 | 12,750                  | 16,500               | 3,449                          | 1.07%                           | 0.92%      | 0.00%                            |
| National Bank of Pakistan                                  | 182,616             | 183,472                     | 22,522                                | 328,610                 | 60,000               | 4,070                          | 1.26%                           | 1.08%      | 0.00%                            |
| Habib Metropolitan Bank                                    | 8,600               | 16,100                      | 1,696                                 | 13,000                  | 13,396               | 332                            | 0.10%                           | 0.09%      | 0.00%                            |
| United Bank Limited  | 348,047             | 124,114                     | 13,491                                | 337,251                 | 148,401              | 8,852                          | 2.75%                           | 2.35%      | 0.01%                            |
|  | 925,363             | 367,686                     | 58,267                                | 901,376                 | 449,940              | 39,460                         | 12.24%                          | 10.50%     | -                                |
| <b>Personal Goods</b>                                      |                     |                             |                                       |                         |                      |                                |                                 |            |                                  |
| Nishat Mills Limited                                       | 32,500              | -                           | -                                     | 16,000                  | 16,500               | 929                            | 0.29%                           | 0.25%      | 0.01%                            |
| Nishat Mills Limited (Rights)                              | -                   | -                           | 7,425                                 | -                       | 7,425                | 115                            | 0.04%                           | 0.03%      | 0.01%                            |
|  | 32,500              | -                           | 7,425                                 | 16,000                  | 23,925               | 1,044                          | 0.32%                           | 0.28%      | -                                |
| <b>Life Insurance</b>                                      |                     |                             |                                       |                         |                      |                                |                                 |            |                                  |
| New Jubilee Life Insurance Company Limited - related party | 11,500              | -                           | -                                     | -                       | 11,500               | 495                            | 0.15%                           | 0.13%      | 0.02%                            |
|  | 11,500              | -                           | -                                     | -                       | 11,500               | 495                            | 0.15%                           | 0.13%      | -                                |
| <b>Construction and Materials</b>                          |                     |                             |                                       |                         |                      |                                |                                 |            |                                  |
| D. G. Khan Cement Company Limited                          | 143,540             | 30,000                      | 13,708                                | 105,000                 | 82,248               | 2,151                          | 0.67%                           | 0.57%      | 0.03%                            |
| Lucky Cement Limited                                       | 118,600             | -                           | -                                     | 104,000                 | 14,600               | 1,187                          | 0.37%                           | 0.32%      | 0.00%                            |
|  | 262,140             | 30,000                      | 13,708                                | 209,000                 | 96,848               | 3,338                          | 1.04%                           | 0.89%      | -                                |

| Name of the investee company                     | Number of Shares    |                             |                                      |                         |                      | Market Value at March 31, 2010 | Market Value as a percentage of |               |                                  |
|--|---------------------|-----------------------------|--------------------------------------|-------------------------|----------------------|--------------------------------|---------------------------------|---------------|----------------------------------|
|  | As at July 01, 2009 | Purchases during the period | Bonus/Rights issue during the period | Sales during the period | As at March 31, 2010 |                                | total investment                | net assets    | paid capital of investee company |
| (Rupees in '000)                                 |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| <b>Electricity</b>                               |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| The Hub Power Company Limited                    | 480,500             | 19,500                      | -                                    | 145,000                 | 355,000              | 12,166                         | 3.77%                           | 3.24%         | 0.03%                            |
| Kot Addu Power Company Limited                   | 84,100              | -                           | -                                    | 43,965                  | 40,135               | 1,805                          | 0.56%                           | 0.48%         | 0.00%                            |
| Nishat Chitunan Power Limited                    | -                   | 750,000                     | -                                    | -                       | 750,000              | 7,425                          | 2.30%                           | 1.97%         | 0.20%                            |
|  | <u>564,600</u>      | <u>769,500</u>              | <u>-</u>                             | <u>188,965</u>          | <u>1,145,135</u>     | <u>21,396</u>                  | <u>6.64%</u>                    | <u>5.69%</u>  |                                  |
| <b>Oil and Gas</b>                               |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| Mari Gas Company Limited                         | 38,000              | 25,098                      | 42,598                               | 84,511                  | 21,185               | 2,909                          | 0.90%                           | 0.77%         | 0.03%                            |
| Oil and Gas Development Company Limited          | 642,900             | 8,000                       | -                                    | 477,195                 | 173,705              | 22,557                         | 7.00%                           | 6.00%         | 0.00%                            |
| Pakistan Oilfields Limited                       | 155,360             | 34,000                      | -                                    | 100,701                 | 88,659               | 20,732                         | 6.43%                           | 5.51%         | 0.04%                            |
| Pakistan Petroleum Limited                       | 187,450             | 61,800                      | 47,850                               | 193,609                 | 103,491              | 20,224                         | 6.27%                           | 5.38%         | 0.01%                            |
| National Refinery Limited                        | 7,000               | -                           | -                                    | 2,100                   | 4,900                | 884                            | 0.27%                           | 0.24%         | 0.01%                            |
|  | <u>1,030,710</u>    | <u>128,898</u>              | <u>90,448</u>                        | <u>858,116</u>          | <u>391,940</u>       | <u>67,306</u>                  | <u>20.88%</u>                   | <u>17.90%</u> |                                  |
| <b>Industrial Metals and Mining</b>              |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| International Industries Limited - related party | 27,940              | -                           | -                                    | 20,201                  | 7,739                | 455                            | 0.14%                           | 0.12%         | 0.01%                            |
|  | <u>27,940</u>       | <u>-</u>                    | <u>-</u>                             | <u>20,201</u>           | <u>7,739</u>         | <u>455</u>                     | <u>0.14%</u>                    | <u>0.12%</u>  |                                  |
| <b>Automobile and Parts</b>                      |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| Indus Motor Company Limited                      | 8,556               | -                           | -                                    | 1,000                   | 7,556                | 1,573                          | 0.49%                           | 0.42%         | 0.01%                            |
| Pak Suzuki Motor Company                         | 23,600              | -                           | -                                    | 7,000                   | 16,600               | 1,321                          | 0.41%                           | 0.35%         | 0.02%                            |
|  | <u>32,156</u>       | <u>-</u>                    | <u>-</u>                             | <u>8,000</u>            | <u>24,156</u>        | <u>2,894</u>                   | <u>0.90%</u>                    | <u>0.77%</u>  |                                  |
| <b>Fixed Line Telecommunication</b>              |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| Pakistan Telecommunication Company Limited - A   | 140,300             | 175,000                     | -                                    | 210,000                 | 105,300              | 2,212                          | 0.69%                           | 0.59%         | 0.00%                            |
|  | <u>140,300</u>      | <u>175,000</u>              | <u>-</u>                             | <u>210,000</u>          | <u>105,300</u>       | <u>2,212</u>                   | <u>0.69%</u>                    | <u>0.59%</u>  |                                  |
| <b>Pharma and Bio Tech</b>                       |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| Abbott Laboratories (Pakistan) Limited           | 31,700              | -                           | -                                    | 8,619                   | 23,081               | 2,262                          | 0.70%                           | 0.60%         | 0.02%                            |
| Glaxo Smithkline (Pakistan) Limited              | 36,700              | -                           | -                                    | 16,470                  | 20,230               | 1,962                          | 0.61%                           | 0.52%         | 0.01%                            |
|  | <u>68,400</u>       | <u>-</u>                    | <u>-</u>                             | <u>25,089</u>           | <u>43,311</u>        | <u>4,224</u>                   | <u>1.31%</u>                    | <u>1.12%</u>  |                                  |
| <b>Chemicals</b>                                 |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| BOC Pakistan Limited - related party             | 28,800              | -                           | -                                    | 22,764                  | 6,036                | 766                            | 0.24%                           | 0.20%         | 0.02%                            |
| Clariant Pakistan Limited                        | 4,000               | -                           | -                                    | 4,000                   | -                    | -                              | -                               | -             | -                                |
| Lotte Pakistan PTA                               | 47,000              | -                           | -                                    | 47,000                  | -                    | -                              | -                               | -             | -                                |
| ICI Pakistan Limited                             | -                   | 4,000                       | -                                    | 4,000                   | -                    | -                              | -                               | -             | -                                |
| Engro Corporation Limited                        | 180,586             | 20,000                      | 8,613                                | 139,452                 | 69,747               | 13,937                         | 4.32%                           | 3.71%         | 0.02%                            |
| Fauji Fertilizer Bin Qasim Limited               | 350,500             | 75,000                      | -                                    | 93,000                  | 332,500              | 10,583                         | 3.28%                           | 2.81%         | 0.04%                            |
| Fauji Fertilizer Company Limited                 | 315,700             | 1,000                       | -                                    | 119,270                 | 197,430              | 21,656                         | 6.72%                           | 5.76%         | 0.01%                            |
|  | <u>926,586</u>      | <u>100,000</u>              | <u>8,613</u>                         | <u>429,486</u>          | <u>605,713</u>       | <u>46,942</u>                  | <u>14.56%</u>                   | <u>12.49%</u> |                                  |
| <b>General Industrials</b>                       |                     |                             |                                      |                         |                      |                                |                                 |               |                                  |
| Packages Limited - related party                 | 7,845               | 4,000                       | -                                    | 3,500                   | 8,345                | 1,085                          | 0.34%                           | 0.29%         | 0.01%                            |
|  | <u>7,845</u>        | <u>4,000</u>                | <u>-</u>                             | <u>3,500</u>            | <u>8,345</u>         | <u>1,085</u>                   | <u>0.34%</u>                    | <u>0.29%</u>  |                                  |
| <b>Total</b>                                     | <u>4,030,040</u>    | <u>1,575,084</u>            | <u>178,461</u>                       | <u>2,869,733</u>        | <u>2,913,852</u>     | <u>190,851</u>                 | <u>59.21%</u>                   | <u>50.76%</u> |                                  |

Cost of investments as at March 31, 2010

176,699

#### 4.3 Term Finance Certificates - Available for sale

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 March 31, 2010 | Market Value as a percentage of |               |            |
|--|------------------------|-----------------------------|-------------------------|----------------------|--------------------------------|---------------------------------|---------------|------------|
|  | As at July 01, 2009    | Purchases during the period | Sales during the period | As at March 31, 2010 |                                | total investment                | net assets    | issue size |
| (Rupees in '000)                               |                        |                             |                         |                      |                                |                                 |               |            |
| <b>4.3.1 Term finance certificates- Listed</b> |                        |                             |                         |                      |                                |                                 |               |            |
| <b>Banks</b>                                   |                        |                             |                         |                      |                                |                                 |               |            |
| NIB Bank Limited                               | 5,000                  | 3,000                       | 5,000                   | 3,000                | 14,126                         | 4.38%                           | 3.76%         | 0.38%      |
| United Bank Limited                            | -                      | 10,000                      | 5,000                   | 5,000                | 23,301                         | 7.23%                           | 6.20%         | 0.63%      |
|  | <u>5,000</u>           | <u>13,000</u>               | <u>10,000</u>           | <u>8,000</u>         | <u>37,427</u>                  | <u>11.61%</u>                   | <u>9.95%</u>  |            |
| <b>Chemicals</b>                               |                        |                             |                         |                      |                                |                                 |               |            |
| Engro Fertilizer Limited                       | 3,281                  | -                           | 3,281                   | -                    | -                              | -                               | -             | -          |
|  | <u>3,281</u>           | <u>-</u>                    | <u>3,281</u>            | <u>-</u>             | <u>-</u>                       | <u>-</u>                        | <u>-</u>      | <u>-</u>   |
| <b>Financial Services</b>                      |                        |                             |                         |                      |                                |                                 |               |            |
| Saudi Pak Leasing Company Limited              | 6,000                  | -                           | -                       | 6,000                | 16,370                         | 5.08%                           | 4.35%         | 4.00%      |
|  | <u>6,000</u>           | <u>-</u>                    | <u>-</u>                | <u>6,000</u>         | <u>16,370</u>                  | <u>5.08%</u>                    | <u>4.35%</u>  |            |
| <b>Fixed Line Telecommunication</b>            |                        |                             |                         |                      |                                |                                 |               |            |
| Pakistan Mobile Communication Limited          | 10,000                 | -                           | 10,000                  | -                    | -                              | -                               | -             | -          |
|  | <u>10,000</u>          | <u>-</u>                    | <u>10,000</u>           | <u>-</u>             | <u>-</u>                       | <u>-</u>                        | <u>-</u>      | <u>-</u>   |
| <b>Total</b>                                   | <u>24,281</u>          | <u>13,000</u>               | <u>23,281</u>           | <u>14,000</u>        | <u>53,797</u>                  | <u>16.69%</u>                   | <u>14.31%</u> |            |

Cost of investments as at March 31, 2010

57,726

| Name of the investee company | Number of certificates |                             |                         |                      | Market Value at March 31, 2010 | Market Value as a percentage of |            |            |
|------------------------------|------------------------|-----------------------------|-------------------------|----------------------|--------------------------------|---------------------------------|------------|------------|
|                              | As at July 01, 2009    | Purchases during the period | Sales during the period | As at March 31, 2010 |                                | total investment                | net assets | issue size |

(Rupees in '000)

#### 4.3.2 Term Finance Certificates and Sukuk bonds - Unlisted

| Financial Services   |               |          |               |            |               |              |              |       |
|--|---------------|----------|---------------|------------|---------------|--------------|--------------|-------|
| Orix Leasing Pakistan Limited<br>(Face value Rs. 100,000 each) | 500           | -        | 280           | 220        | 19,674        | 6.10%        | 5.23%        | 0.02% |
|  | 500           | -        | 280           | 220        | 19,674        | 6.10%        | 5.23%        |       |
| Chemicals  |               |          |               |            |               |              |              |       |
| Engro Fertilizer Limited-Perpetual I                           | 5,000         | -        | 5,000         | -          | -             | -            | -            | -     |
|  | 5,000         | -        | 5,000         | -          | -             | -            | -            | -     |
| Fixed Line Telecommunication                                   |               |          |               |            |               |              |              |       |
| Pakistan Mobile Communication Limited                          | -             | -        | -             | -          | -             | -            | -            | -     |
|  | -             | -        | -             | -          | -             | -            | -            | -     |
| Gas Water and Multiutilities                                   |               |          |               |            |               |              |              |       |
| Sui Southern Gas Company Limited - Sukuk                       | 5,000         | -        | 5,000         | -          | -             | -            | -            | -     |
|  | 5,000         | -        | 5,000         | -          | -             | -            | -            | -     |
| <b>Total</b>   | <b>10,500</b> | <b>-</b> | <b>10,280</b> | <b>220</b> | <b>19,674</b> | <b>6.10%</b> | <b>5.23%</b> |       |
| <b>Cost of investments as at March 31, 2010</b>                |               |          |               |            | <b>22,000</b> |              |              |       |

#### 4.2.2 Significant terms and conditions of Term Finance Certificates outstanding as at March 31, 2010 are as follows.

| Name of security                   | Remaining principal (per TFC) | Mark-up rate (per annum) | Issue date | Maturity date |
|------------------------------------|-------------------------------|--------------------------|------------|---------------|
| United Bank Limited                | 4,996                         | 0.85%+6 Month KIBOR      | 14-Feb-08  | 14-Feb-18     |
| NIB Bank Limited                   | 3,749                         | 1.15%+6 Month KIBOR      | 5-Mar-08   | 5-Mar-16      |
| Saudi Pak Leasing Company Limited  | 4,373                         | 1.50%+6 Month KIBOR      | 13-Mar-08  | 13-Mar-13     |
| Orix Leasing Ltd -Privately Placed | 100,000                       | 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 March 31, 2010 | Market Value as percentage of |            |
|------------|-------|---------------------|-----------------------------|-------------------------|----------------------|--------------------------------|-------------------------------|------------|
|            |       | As at July 01, 2009 | Purchases during the period | Sales during the period | As at March 31, 2010 |                                | total investment              | net assets |

(Rupees in '000)

| Pakistan Investment Bonds                       |          |               |                |                |               |               |               |        |
|---|----------|---------------|----------------|----------------|---------------|---------------|---------------|--------|
| August 30, 2008                                 | 10 Year  | 25,000        | -              | 25,000         | -             | -             | -             | -      |
| Treasury Bill                                   |          |               |                |                |               |               |               |        |
| April 9, 2009                                   | 6 Months | -             | 34,000         | 34,000         | -             | -             | -             | -      |
| June 04, 2009                                   | 6 Months | -             | 40,000         | 40,000         | -             | -             | -             | -      |
| February 26, 2009                               | 6 Months | -             | 35,000         | 35,000         | -             | -             | -             | -      |
| September 26, 2009                              | 3 Months | -             | 34,000         | 34,000         | -             | -             | -             | -      |
| June 04, 2009                                   | 1 year   | -             | 50,000         | -              | 50,000        | 48,977        | 15.19%        | 13.03% |
| <b>Cost of investments as at March 31, 2010</b> |          | <b>25,000</b> | <b>193,000</b> | <b>168,000</b> | <b>50,000</b> | <b>48,977</b> | <b>15.19%</b> |        |
|   |          |               |                |                | <b>48,980</b> |               |               |        |

#### 4.5 Investments include shares and Term Finance Certificates having market value aggregating to Rs.25.7358 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 Securities and Exchange Commission of Pakistan.

| 4.6 Net unrealised appreciation / (diminution) in value of investments at fair value through profit or loss'  | Note | March 31, 2010             | March 31, 2009 |
|---|------|----------------------------|----------------|
|   |      | (Unaudited)                | (Unaudited)    |
|   |      | ---- (Rupees in '000) ---- |                |
| Market value of investments   | 4.1  | 9,028                      | 3,796          |
| Less: Cost of investments   | 4.1  | (8,825)                    | (5,786)        |
|   |      | 203                        | (1,990)        |
| Less: Net unrealised diminution / (appreciation) in the fair value of investments at fair value through profit or loss at the beginning of the period |      | (1,342)                    | (2,330)        |
|   |      | <u>1,545</u>               | <u>340</u>     |

|   | Note      | March 31,<br>2010<br>(Un-audited)          | March 31,<br>2009<br>(Un-audited)      |
|---|-----------|--|--|
| <b>4.7 Net unrealised appreciation /(diminution) in fair value of investments classified as 'available for sale'</b>  |           |  |  |
| Market value of investments   | 4.2 & 4.3 | 313,299                                    | 446,445                                |
| Less: Cost of investments   | 4.2 & 4.3 | 305,405                                    | 599,868                                |
| Less: Impairment  |           | (26,843)                                   | (206,014)                              |
|   |           | <u>278,562</u>                             | <u>393,854</u>                         |
|   |           | 34,737                                     | 52,591                                 |
| Net unrealised (appreciation) / diminution in fair value of investments at the beginning of period  |           | (1,400)                                    | 49,904                                 |
|   |           | <u>33,337</u>                              | <u>102,495</u>                         |
| <b>4.8</b> As at June 30, 2009, an impairment loss of Rs 97.044 million was held in respect of equity securities classified as available for sale. During the period, impairment loss amounting to Rs 70.776 million has been reversed due to sale of related shares and a further impairment of Rs 0.575 million has been booked.  |           |  |  |
|   |           | <b>March 31,<br/>2010<br/>(Un-audited)</b> | <b>June 30,<br/>2009<br/>(Audited)</b> |
| <b>5 DIVIDEND AND PROFIT RECEIVABLE</b>   |           |  |  |
| Profit receivable on bank deposits  |           | 218  | 1,084                                  |
| Dividend receivable   |           | 4,880                                      | 2,581                                  |
| Income accrued on Term Finance Certificates   |           | 1,186                                      | 9,567                                  |
| Income accrued on Government Securities   |           | -  | 1,003                                  |
|   |           | <u>6,284</u>                               | <u>14,235</u>                          |
| <b>6 ADVANCES, DEPOSITS , PREPAYMENTS AND OTHER RECEIVABLES</b>   |           |  |  |
| 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                                    |
| Prepaid annual listing fee  |           | 8  | -                                      |
| Prepaid annual rating fee   |           | 12   | -                                      |
| Other receivables   |           | -  | 680                                    |
| Broker receivable   |           | 8,518                                      | -                                      |
|   |           | <u>36,138</u>                              | <u>28,280</u>                          |
| Less: Provision in respect of advance against subscription of Term Finance Certificates   |           | (25,000)                                   | (18,750)                               |
|   |           | <u>11,138</u>                              | <u>9,530</u>                           |
| <b>6.1</b> 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 March 31, 2010. In addition, profit on the advance against subscription, due after 6 months from the date of subscription, has also not been received by the Fund. As at March 31, 2010, the advance against subscription has been fully provided in accordance with Circular No.1 of 2009 issued by the SECP. |           |  |  |
|   |           | <b>March 31,<br/>2010<br/>(Un-audited)</b> | <b>June 30,<br/>2009<br/>(Audited)</b> |
| <b>7 PAYABLE TO HBL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>   |           |  |  |
| Management fee  |           | 630  | 945                                    |
| Preliminary expenses and floatation costs incurred on behalf of the Fund  |           | 1,135                                      | 1,135                                  |
| Annual listing fee paid by the management company on behalf of the Fund   |           | -  | 30                                     |
| Security deposits with National Clearing Company of Pakistan Limited  |           | 2,500                                      | 2,500                                  |
| Security deposits with Central Depository Company of Pakistan Limited   |           | 100  | 100                                    |
| Sales load payable  |           | -  | 89                                     |
|   |           | <u>4,365</u>                               | <u>4,799</u>                           |

|   | <b>March 31,<br/>2010<br/>(Un-audited)</b> | <b>June 30,<br/>2009<br/>(Audited)</b> |
|---|--|--|
|   | --- (Rupees in '000) ---                   |  |
| <b>8 ACCRUED EXPENSES AND OTHER LIABILITIES</b> |  |  |
| Auditors' remuneration                          | 186  | 269                                    |
| Payable against redemption of units             | 448  | -                                      |
| Payable to brokers                              | -  | 22,380                                 |
| Other payable                                   | 40   | 2                                      |
|   | <u>674</u>                                 | <u>22,651</u>                          |

#### 9 TAXATION

No provision for taxation has been made as the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund intends to distribute at least 90 percent of such accounting income relating to the year ending June 30, 2010 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

#### 10 CONTINGENCIES AND COMMITMENTS

Through Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. Management, based on a legal advice, is of a firm view that Collective Investment Schemes are paper entities and are not establishments, accordingly the WWF Ordinance is not applicable and therefore no provision is required in the financial statements. However, in a remotely probable event, if the Collective Investment Schemes are considered as industrial establishments, the impact on the NAV per unit will be Rs. (0.26) as of March 31, 2010.

Mutual Funds Association of Pakistan (MUFAP), of which the Management Company is a member, has filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the Collective Investment Schemes are not establishments and as a result are not liable to pay contribution to the WWF. The legal proceedings in respect of the aforementioned petition are currently in progress.

#### 11 EARNINGS PER UNIT

Earning per unit (EPU) for the period ended March 31, 2010 has not been disclosed as in the opinion of the management, the determination of weighted average units for calculating EPU is not practicable.

#### 12 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:

|  | <b>Nine months<br/>ended March<br/>31, 2010<br/>(Un-audited)</b> | <b>Nine months<br/>ended March<br/>31, 2009<br/>(Un-audited)</b> |
|--|--|--|
|  | --- (Rupees in '000) ---   |  |
| <b>12.1 Details of the transactions with connected persons are as follows:</b> |  |  |
| <b>HBL Asset Management Limited - Management Company</b>                       |  |  |
| Management fee   | 7,404  | 8,852  |

|   | Nine months<br>ended March<br>31, 2010<br>(Un-audited) | Nine months<br>ended March<br>31, 2009<br>(Un-audited) |
|---|--|--|
|   | (Rupees in '000)                                       |  |
| <b>Habib Bank Limited - Sponsor</b>   |  |  |
| Bonus units : Nil (2009: 107,216 units)   | -  | 10,000   |
| Bank charges paid during the year/ period   | 19   | 1  |
| Profit on bank deposits including TDRs earned during the period   | 1,023  | 2,752  |
| Profit on bank deposits including TDRs received during the period   | 856  | 2,710  |
| Purchase of shares: Nil (2009: 106,000 shares)  | -  | 15,984   |
| Sale of shares: 102,703 ordinary shares (2009: Nil)   | 12,456   | -  |
| Loss on sale of shares  | (4,041)  | -  |
| Bonus shares received -18,080 ordinary shares<br>( 2009 : 43,668 shares)  |  |  |
| <b>Directors and Executives of the Management Company and their relatives</b>   |  |  |
| Bonus units issued: Nil (2009 : 2,445 units)  | -  | 228  |
| <b>HBL Income Fund</b>  |  |  |
| Purchase of Term Finance Certificates   | -  | 34,998   |
| <b>OTHER ASSOCIATES</b>   |  |  |
| <b>New Jubilee Life Insurance Company Limited</b>   |  |  |
| Purchase of shares: Nil ( 2009 : 11,500 ordinary shares )   | -  | 268  |
| <b>BOC Pakistan Limited</b>   |  |  |
| Sale of shares: 22,764 ordinary shares (2009: Nil)  | 2,641  | -  |
| Loss on sale of shares  | (3,029)  | -  |
| <b>International Industries Limited</b>   |  |  |
| Sale of shares: 20,201 ordinary shares (2009: Nil)  | 1,269  | -  |
| Loss on sale of shares  | (742)  | -  |
| <b>Packages Limited</b>   |  |  |
| Purchase of shares: 4,000 ordinary shares ( 2009: 13,200 shares)  | 561  | 2,451  |
| Sale of shares: 3,500 (2009: Nil)   | 521  | -  |
| Loss on sale of shares  | (417)  | -  |
| <b>Central Depository Company of Pakistan Ltd. - Trustee</b>  |  |  |
| Trustee remuneration  | 741  | 885  |
| Central Depository Service charges  | 16   | 19   |
|   | <b>March 31,</b>                                       | <b>June 30,</b>  |
|   | <b>2010</b>  | <b>2009</b>  |
|   | <b>(Un-audited)</b>                                    | <b>(Audited)</b>                                       |
| <b>12.2 Balances outstanding as at period / year end</b>  | <b>--- (Rupees in '000) ---</b>                        |  |
| <b>HBL Asset Management Limited - Management Company</b>  |  |  |
| Management fee payable  | 630  | 945  |
| Sales load payable  | -  | 89   |
| Preliminary expenses and floatation costs payable   | 1,135  | 1,135  |
| Security deposit paid by Management Company on behalf of the Fund to<br>National Clearing Company of Pakistan Limited - payable | 2,500  | 2,500  |
| Security deposit paid by Management Company on behalf of the Fund to<br>Central Depository Company Limited - payable            | 100  | 100  |
| Annual listing fee paid by Management Company on behalf of the<br>Fund - payable  | -  | 30   |
| <b>Habib Bank Limited - Sponsor</b>   |  |  |
| Investment held in the Fund: 2,607,216 units (June 30, 2009 : 2,607,216 units)  | 260,878  | 211,028  |
| Bank balances   | 28,436   | 311  |
| Profit receivable on bank deposits  | 175  | 8  |
| Ordinary shares held: 198,885 shares (June 30, 2009 : 283,508 shares)   | 21,991   | 24,399   |

|   | March 31,<br>2010<br>(Un-audited) | June 30,<br>2009<br>(Audited) |
|---|-----------------------------------|-------------------------------|
|   | --- (Rupees in '000) ---          |                               |
| <b>Directors and Executives of the Management Company and their relatives</b> |                                   |                               |
| Investment held in the Fund: 57,358 units (June 30, 2009: 57,358 units)       | 5,739                             | 4,643                         |
| <b>HBL Income Fund</b>  |                                   |                               |
| Payable against purchase of Term Finance Certificates                         | -                                 | 22,281                        |
| <b>Associated Companies</b>   |                                   |                               |
| <b>New Jubilee Life Insurance Company Limited</b>                             |                                   |                               |
| Ordinary shares held: 11,500 shares ( June 30, 2009: 11,500 shares)           | 495                               | 437                           |
| <b>BOC Pakistan Limited</b>   |                                   |                               |
| Ordinary shares held: 6,036 shares ( June 30, 2009 : 28,800 shares)           | 766                               | 3,312                         |
| <b>International Industries Limited</b>                                       |                                   |                               |
| Ordinary shares held: 7,739 shares (June 30, 2009: 27,940 shares)             | 455                               | 1,260                         |
| <b>Packages Limited</b>   |                                   |                               |
| Ordinary shares held: 8,345 shares (June 30,2009 : 7,845 shares)              | 1,085                             | 1,232                         |
| <b>Central Depository Company of Pakistan Ltd. - Trustee</b>                  |                                   |                               |
| Remuneration payable  | 63                                | 95                            |

**13 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**14 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 16, 2010

**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: 021-4940585-6  
Fax: 021-4940584

**Habib bank Limited**  
Iqbal Library Branch  
Gigar Muradabadi Road, Near Islamia College,  
Karachi.  
Phone: 021-4922310, 021-4913311  
Fax: 021-4914411

**Habib bank Limited**  
Tariq Road Commercial Center Branch,  
172-u, Block-2, Karachi.  
Phone: 021-4534748, 021-4534681  
Fax: 021-4522627

**Habib bank Limited**  
Shahra-e-Pakistan Branch,  
F.B Area Karachi.  
Phone: 021-6331445, 021-6317073  
Fax: 021-6317086

**Habib bank Limited**  
Corporate Branch,  
2<sup>nd</sup> Floor, HBL Plaza, I.I. Chundrigar Road, Karachi.  
Phone: 021-2418000  
Fax: 021-2413839

**Habib bank Limited**  
Kehkashan Branch,  
F-101/5, Block-7, Kehkashan Clifton, Karachi.  
Phone: 021-5875935-40  
Fax: 021-5875914

**Habib bank Limited**  
Foreign Exchange Branch,  
M.A. Jinnah Road, Habib Squre, Karachi.  
Phone: 021-9213996-97  
Fax: 021-9213436

**Habib bank Limited**  
Clifton Broadway Branch,  
Broadway House, Karachi.  
Phone: 021-5301074-76  
Fax: 021-5873310

**Habib bank Limited**  
Nursery Branch,  
Main Shahra-e-Faisal, Jamshed Town, Karachi.  
Phone: 021-4381304, 021-4524661  
Fax: 021-4538482

**Habib bank Limited**  
Khayaban-e-Saadi Branch,  
Block-2, Clifton, Karachi.  
Phone: 021-5810045-46  
Fax: 021-5810047

**Habib bank Limited**  
Shahra-e-Jahangir Branch,  
Block L, North Nazimabad, Karachi.  
Phone: 021-6648034-6629671  
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: 042-7840560, 042-7841464  
Fax: 042-7446584

**Habib Bank Limited**  
Bank Square, Model Town Branch,  
Lahore.  
Phone: 042-5915574-75, 042-5844842  
Fax: 042-5915573

**Habib Bank Limited**  
The Mall Road Branch, 5, Bank square,  
Nila Gumbad, Lahore.  
042-7232422-27-35-51-37-46  
Fax: 042-7232537-479

**Habib Bank Limited**  
Cantonment Branch  
322-H. Sarwar Road, Cantt Lahore.  
Phone: 042-6622620-6  
Fax: 042-6622625

**Habib Bank Limited**  
Gulberg Main Market Branch,  
Lahore.  
Phone: 042-5757575, 042-5755602,  
Fax: 042-5760636

**Habib Bank Limited**  
Lahore Development Authority Branch  
7-Egertan Road, Data Gunj Bukhsh Town, Lahore.  
Phone: 042-6375299/6375974-76-78  
Fax: 042-6302032

**Habib Bank Limited**  
19-Ali Block New Garden Town Branch, Lahore  
Phone: 042-5912481-85  
Fax: 042-5912486

**Habib Bank Limited**  
Corporate Branch  
Habib Bank Corporate Centre, 102,103 Upper Mall,  
Lahore.  
Phone: 042-6281655, 042-6281820, 042-6281665  
Fax: 042-6281661

#### **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**

Alfalah Securities (Pvt.) Limited  
12<sup>th</sup> Floor, Saima Trade Tower,  
I.I Chundrigar Road, Karachi.  
Phone: 021-9217810-19  
Fax: 021-9217827

ANZ Financial Consultant  
F-26/2, Block-5, Kehkashan,  
Clifton, Karachi.  
Phone: 021-5379511  
Fax: 021-5874348

Elixir Securities Pakistan (Pvt.) Limited  
First Floor, P & O Plaza,  
I.I Chundrigar Road, Karachi.  
Phone: 021-111-354-947  
Fax: 021-2420527- 2418925

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