

HBL Income Fund

Fund Manager's Report
 July 2008

Investment Objective:

The objective of HBL Income Fund is to provide a stable stream of income with a moderate level of risk by investing in fixed income securities.

Fund Information :

| | |
|------------------------|---|
| Fund Type | Open End Income Fund |
| Currency | Pak Rupee (PKR) |
| Management Company | HBL Asset Management Limited |
| Registrar | HBL Asset Management Limited |
| Trustee | Central Depository Company of Pakistan Ltd. |
| Auditors | A. F. Ferguson & Co. |
| Sales Load | N I L |
| Min. Investment Amount | PKR 5,000 |
| Management Fee | 1.50% per annum |
| NAV per Unit | PKR 100.96 |

Fund Manager

M. Amir Khan

Fund Size:

PKR 5.310 billion

Benchmark

1 Month Kibor

Fund Return:

| | |
|-----------------------|--------|
| July 2008 | 9.29 % |
| Last 3 Months Average | 8.76 % |
| Year to Date | 9.29 % |

Fund Manager's Commentary

Money market remained tight due to frequent selling of T-bills through Open Market Operations by SBP. Further, SBP increased the discount rate from 12% to 13%. With persistent inflationary pressures and escalating current account deficit, we believe that the Central bank would maintain a tight monetary stance.

Cutoff rate for 3months T-bill was increased to 11.7825% on 17 July 2008 followed by another increase to 12.1954% on 31 July 2008. Cutoff for 12 months T-bill was increased to 11.84% on 17 July 2008 however, cutoff rates for 6 months bill remained unchanged. For the month of June 2008 3 months, 6 months and 12 months bill cutoff rates were 11.42%, 11.50% and 11.74% respectively.

Due to prevailing liquidity crunch in the market, an increase was witnessed in KIBOR. One month average KIBOR increased to 12.85% in July 2008 as against 12.78% in June 2008.

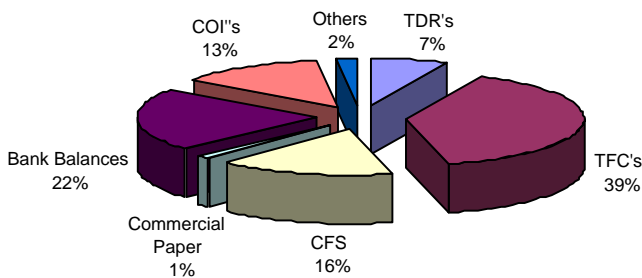
Due to lower demand average CFS rate declined to 14.79% in July 2008 from 16.31% in June 2008. TFCs prices were down due to selling pressure. As a result, mark to market losses were witnessed in certain TFC's held in the Fund's portfolio.

The annualized return for the month of July 2008 increased to 9.29% as against 8.96% in June 2008. The Fund under management declined by Rs 0.46 billion to Rs 5,310 billion as on 31 July 2008 due to redemptions.

During the month under review, the Fund's exposure in bank balances and TFC's was increased while exposure in CFS was reduced.

The Fund return is expected to improve (barring decline in TFC's prices) in the month of August 2008 due to reinvestment of Funds at higher rates and repricing of some TFC's in the Fund portfolio

Asset Allocation As on July 31, 2008



| TFC Rating | | Banks Ratings (TDR/Deposits) | | Institutional Ratings (COIs) | |
|--------------|-------------|------------------------------|-------------|------------------------------|-------------|
| Rating | % of Total | Rating | % of Total | Rating | % of Total |
| AA+ | 10% | AAA | 73% | AA | 86% |
| AA | 65% | AA+ | 1% | A | 14% |
| AA- | 5% | AA | 1% | | |
| A+ | 4% | A+ | 16% | | |
| A | 12% | A- | 9 | | |
| A- | 4% | | | | |
| Total | 100% | Total | 100% | Total | 100% |

Disclaimer:

All investments in mutual funds and securities are subject to market risk. The NAV based price of these units and any dividends and return thereon are dependant on forces and factors affecting the capital markets. These may go up or down on market conditions. Past performance is not necessarily indicative to future results. Please read the offering document to understand the investment policies and the risk involved.

HBL Stock Fund

Fund Manager's Report
 July 2008

Investment Objective:

The objective of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equity related instruments.

| | |
|------------------------|---|
| Fund Type | Open End Stock Fund |
| Currency | Pak Rupee (PKR) |
| Management Company | HBL Asset Management Limited |
| Registrar | HBL Asset Management Limited |
| Trustee | Central Depository Company of Pakistan Ltd. |
| Auditors | A. F. Ferguson & Co. |
| Sales Load | 2.5 % (Front-end) |
| Min. Investment Amount | PKR 5,000 |
| Management Fee | 3.0% per annum |
| NAV per Unit | PKR 85.70 |

Fund Manager

M. Amir Khan

Fund Size:

PKR 1.636 billion

Fund Return:

July 2008 -7.53%

Benchmark KSE-100 Index
 Benchmark Return For the Month of June 2008 -13.88%

Fund Manager's Commentary

The market was mostly bearish during the month under review and was characterized by low turnover. There was panic in the market as the management of KSE had to conduct special trading session after market hours to bail out stuck-up investors.

Out of 23 trading sessions in July 2008, the market was down on 17 trading sessions. The monthly turnover in July was down by 40% compared to June 2008. The KSE-100 index which was 12,289 points as on June 30, 2008 slipped consistently to close at 10,583 points as on July 31, 2008, thereby showing a decline of 13.88%.

The SBP in its monetary policy announcement, increased discount rate by 100 basis points which was in line with market expectations. A market opportunity fund managed by NIT was also setup with the help of SECP to support the market.

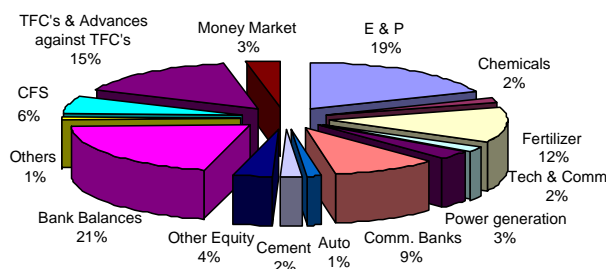
In spite of 13.88% decline in KSE-100 index, the NAV of your fund declined by only 7.53%, thereby out performing the market by a reasonable margin. Your fund was invested to the extent of 54% in equities, 15% in TFC's, 6% in CFS, 3% in money market instruments, 21% in bank balances and 1% in other ventures.

Top Ten Equity Holdings:

1. Engro Chemicals Pakistan Limited
2. Fauji Fertilizer Company Limited
3. Fauji Fertilizer Bin Qasim Limited
4. Habib Bank Limited
5. Hub Power Company Limited
6. Oil & Gas Development Corporation Limited
7. Pakistan Petroleum Limited
8. Pakistan Oilfields Limited
9. Pakistan Telecommunication Limited
10. Packages Limited

(Note: The holdings are listed in alphabetical order)

Asset Allocation as on July 31, 2008



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HBL ASSET MANAGEMENT

HBL Multi-Asset Fund

Fund Manager's Report July 2008

Investment Objective:

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 and money market instruments etc.

Fund Information :

| | |
|------------------------|---|
| Fund Type | Open End Balanced Fund |
| Currency | Pak Rupee (PKR) |
| Management Company | HBL Asset Management Limited |
| Registrar | HBL Asset Management Limited |
| Trustee | Central Depository Company of Pakistan Ltd. |
| Auditors | A. F. Ferguson & Co. |
| Sales Load | 2.0 % (Front-end) |
| Min. Investment Amount | PKR 5,000 |
| Management Fee | 2.0% per annum |
| NAV per Unit | PKR 88.61 |

Fund Manager M. Amir Khan

Fund Size: PKR 677 million

Fund Manager's Commentary

Money market remained tight due to frequent selling of T-bills through Open Market Operations by SBP. Further, SBP increased the discount rate from 12% to 13%. With persistent inflationary pressures and escalating current account deficit, we believe that the Central bank would maintain a tight monetary stance.

Cutoff rate for 3months T-bill was increased to 11.7825% on 17 July 2008 followed by another increase to 12.1954% on 31 July 2008. Cutoff for 12 months T-bill was increased to 11.84% on 17 July 2008 however, cutoff rates for 6 months bill remained unchanged. For the month of June 2008 3 months, 6 months and 12 months bill cutoff rates were 11.42%, 11.50% and 11.74% respectively.

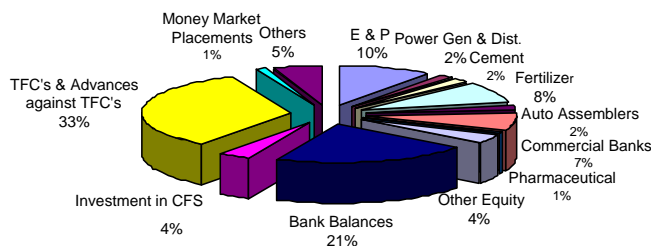
Due to prevailing liquidity crunch in the market, an increase was witnessed in KIBOR. One month average KIBOR increased to 12.85% in July 2008 as against 12.78% in June 2008. Due to lower demand, average CFS rate declined to 14.79% in July 2008 from 16.31% in June 2008. TFCs prices were down due to selling pressure. As a result, mark to market losses were witnessed in certain TFC's held in the Fund's portfolio.

Stock market was mostly bearish during the month under review and was characterized by low turnover. There was panic in the market as the management of KSE had to conduct special trading session after market hours to bail out stuck-up investors.

Out of 23 trading sessions in July 2008, the market was down on 17 trading sessions. The monthly turnover in July was down by 40% compared to June 2008. The KSE-100 index which was 12,289 points as on June 30, 2008 slipped consistently to close at 10,583 points as on July 31, 2008, thereby showing a decline of 13.88%. The SBP in its monetary policy announcement, increased discount rate by 100 basis points which was in line with market expectations. A market opportunity fund managed by NIT was also setup with the help of SECP to support the market.

The fund size decreased by 5.84% to Rs.677 million in July 2008 as against an increase of 3% in June 2008, however, the NAV of the fund decreased by 5% in the month of July 2008 as against an increase of 0.46% in June 2008. Your fund was invested to the extent of 34% in equities, 35% in TFC's, 1% in money market placements, 4% in CFS, 5% in other ventures and 24% in cash.

Asset Allocation as on July 30, 2008



Top Equity Holdings:

1. Engro Chemical Pakistan Limited
2. Fauji Fertilizer Company Limited
3. Fauji Fertilizer Bin Qasim Limited
4. Habib Bank Limited
5. National Bank of Pakistan
6. Oil and Gas Development Company Limited
7. Pakistan Oilfields Limited
8. Pakistan Petroleum Limited
9. The Hub Power Company Limited
10. United Bank Limited

(Note: The holdings are stated in alphabetical order)

HBL ASSET MANAGEMENT

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