

HBL Income Fund

Fund Manager's Report June 2010

Investment Objective:

The objective of the 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
Category	Income Fund (not categorized as per SECP categorization)
Launch Date	March 15, 2007
Net Assets	PKR 1.600 billion
NAV	PKR 100.94
Benchmark	1 M KIBOR
Dealing Days	Monday - Friday
Cut-off Time	9:00 AM - 3:00 PM
Pricing Mechanism	Forward pricing
Management Fee	1.50 % per annum
Front End /Back End Load	NIL / NIL
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 + (JCRVIS & Co.)
Fund Stability Rating	A (f) (JCRVIS & Co.)
Risk Profile of the Fund	Moderate
Members of Investment Committee:	<ul style="list-style-type: none"> • Mr. Shahid Ghaffar • Mr. Rehan N. Shaikh • Mr. Amir Khan • Mr. Umar Farooq • Mr. Noman Qurban

Asset Allocation (% of Total Assets)

	June 10	May 10
Cash	1.45%	2.03%
T-bills	31.50%	33.71%
PIBs	1.47%	1.20%
Tern Finance Certificates	62.44%	50.34%
Others	3.14%	12.72%
Leverage	Nil	Nil

Top Ten TFC Holdings/Sukuk (% of Total Assets)

Engro Chemical Perpetual I	11.34%	Pakistan Mobile Comm. Ltd.	5.72%
UBL IV	9.87%	Faysal Bank Limited	3.75%
NIB Bank Limited	9.67%	Engro Chemical Perpetual II	1.96%
World Call Telecom Limited	6.82%	Maple Leaf Cement Sukuk	1.58%
Orix Leasing Pakistan Limited	5.74%	Al-Abbas Sugar Mills Limited	1.45%

Weighted Average time to maturity 2.93 Years

Fund Returns

	HBL IF	BM*
Year to Date (YTD)	13.28%	12.44%
Trailing 12-Month (Jul 09 – Jun 10)	13.99%	12.44%

* 1 M KIBOR

Fund Manager's Commentary

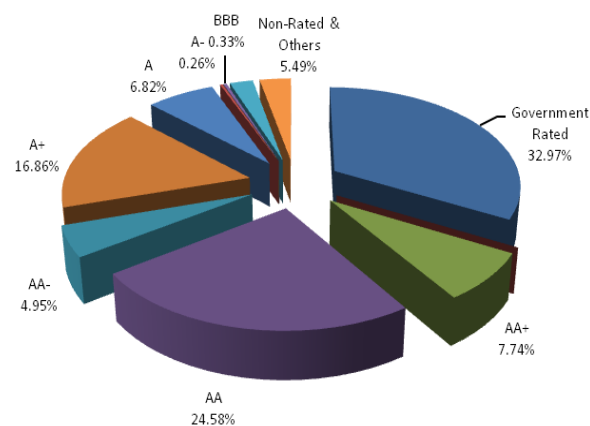
The money market was mostly witnessed trading near the discount rate throughout the month of June 2010. The impact is visible in the increasing KIBOR and T-bill yields.

An increasing trend was witnessed in T-bill cut off rates. Decent participations were witnessed in both the auctions conducted during the month of June 2010. Limelight was taken by the 12 months Paper with a combined participation of PKR 132.7 billion. Participation of PKR 58.4 billion and 97.08 billion was witnessed in 3 and 6 months T-bills respectively. State Bank of Pakistan auctioned a total of PKR 202.39 billion against a combined auction target of PKR 180 billion. Cut off rates in 3 months T-bills increased by 18 bps to 12.1036% where as the cut off rates and 6 and 12 months increased by 20 & 22 bps to 12.3029% and 12.4188% respectively.

The shortage of liquidity in the interbank market resulted in a sharp increase in KIBOR rates. Average 1-Month KIBOR increased by 29 bps to 12.39% from 12.10% in May 2010. 1 Month KIBOR started off at 12.30% and closed at 12.45% with a minimum of 12.19% and a maximum of 12.55%.

Activity in the TFC market remained low with some trading activity in the banking sector. Fund's exposure in TFCs increased by 12.10% to 62.44% in June 2010 from 50.34% of total assets in May 2010.

Asset Quality of Portfolio (% of Total Assets)



HBL ASSET MANAGEMENT

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HBL Multi Asset Fund

Fund Manager's Report
Jun 2010

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, Derivatives and money market instruments etc.

Fund Information :

Fund Type	Open-end
Category	Balanced Fund (Not categorized as per SECP categorization)
Launch Date	December 14, 2007
Net Assets	PKR 360.91 million
NAV	PKR 96.46
Benchmark	50% KSE-100 Index and 50% 1 Month KIBOR
Dealing Days	Monday – Friday
Cut-off Time	9:00 AM - 3:00 PM
Pricing Mechanism	Forward pricing
Management Fee	2.0 % per annum
Front End / Back End load	2.0% / Nil
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 + (JCR-VIS Credit Rating Limited)
Risk Profile of the Fund	Moderate / High
Members of Investment Committee:	<ul style="list-style-type: none"> • Mr. Shahid Ghaffar • Mr. Rehan N. Shaikh • Mr. Amir Khan • Mr. Umar Farooq • Mr. Noman Qurban • Mrs. Uzma Khan

Asset Allocation (% of Total Assets)

	Jun 10	May 10
Cash	10.13%	5.50%
T-Bills	13.36%	13.76%
Equity Shares	53.78%	58.14%
TFCs	20.57%	20.32%
Others	2.16%	2.28%

Leverage	Nil	Nil
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Sector Allocation (%of Total Assets)

	Jun 10
Oil & Gas	22.18%
Chemicals	11.72%
Banks	10.45%
Electricity	6.14%
Pharma & Bio Tech	1.03%
Others	2.26%

Fund Returns

	MAF	BM*
Year to Date (YTD)	19.17%	24.11%
Trailing 12-Month	14.68%	19.29%

* 50% KSE-100 Index and 50% 1 Month KIBOR

Fund Manager's Commentary

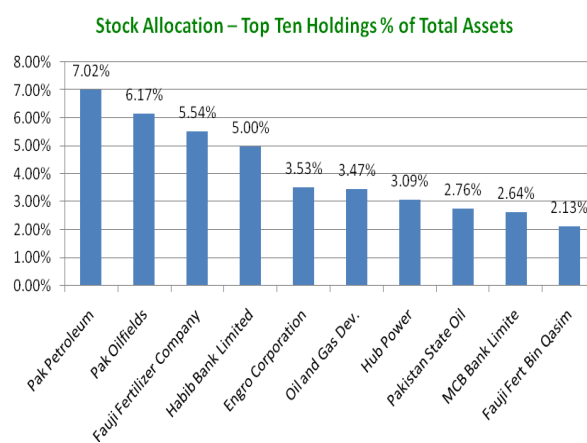
The money market was mostly witnessed trading near the discount rate throughout the month of June 2010. The impact is visible in the increasing KIBOR and T-bill yields.

The shortage of liquidity in the interbank market resulted in a sharp increase in KIBOR rates. Average 1-Month KIBOR increased by 29 bps to 12.39% from 12.10% in May 2010. 1 Month KIBOR started off at 12.30% and closed at 12.45% with a minimum of 12.19% and a maximum of 12.55%.

The month of June 2010 was less volatile as the KSE100 Index moved in a range of about 728 points compared to 1,300 in the previous month. On MoM basis the KSE100 gained 4.24% and touched a high of 9,860 points on Jun 20, 2010 and closed at 9,721 points. Volumes remained slightly lower than last month as they decreased by 1.22% to 99.45mn shares compared to 100.68mn shares last month. On YoY basis, the KSE100 gained 36% compared to 42% in FY09.

Activity in the TFC market remained low with some trading activity in the banking sector.

	TFCs Holdings (% of Total Assets)		
UBL IV	6.46%	Saudi Pak Leasing	4.46%
Orix Leasing PPTFC	5.73%	NIB bank Limited	3.92%



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HBL Stock Fund

Fund Manager's Report Jun 2010

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 investment.

Fund Information :

Fund Type	Open-end
Category	Stock Fund (Not categorized as per SECP categorization)
Launch Date	August 27, 2007
Net Assets	PKR 1.589 billion
NAV	PKR 91.05
Benchmark	KSE-100 Index
Dealing Days	Monday-Friday
Cut-off Time	9:00 AM - 3:00 PM
Pricing Mechanism	Forward pricing
Management Fee	3.0 % per annum
Front End / Back End load	2.5% / Nil
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 + (JCR-VIS Credit Rating Limited)
Risk Profile of the Fund	High
Members of Investment Committee:	<ul style="list-style-type: none"> • Mr. Shahid Ghaffar • Mr. Rehan N. Shaikh • Mr. Amir Khan • Mr. Umar Farooq • Mr. Noman Qurban • Mrs. Uzma Khan

<u>Asset Allocation (% of Total Assets)</u>	<u>Jun 10</u>	<u>May 10</u>
Cash	7.29%	1.25%
T-Bills	14.51%	12.53%
Equity Shares	77.75%	85.15%
TFCs	0.00%	0.00%
Others	0.45%	1.07%
Leverage	Nil	Nil

<u>Sector Allocation (% of Total Assets)</u>	<u>Jun 10</u>
Oil & Gas	28.29%
Chemicals	18.09%
Banks	14.39%
Electricity	8.49%
Fixed Line Telecommunication	1.72%
Others	6.77%

<u>Fund Returns</u>	<u>HBL SF</u>	<u>BM*</u>
Year to Date (YTD)	19.52%	35.74%
Trailing 12-Month	13.13%	25.92%

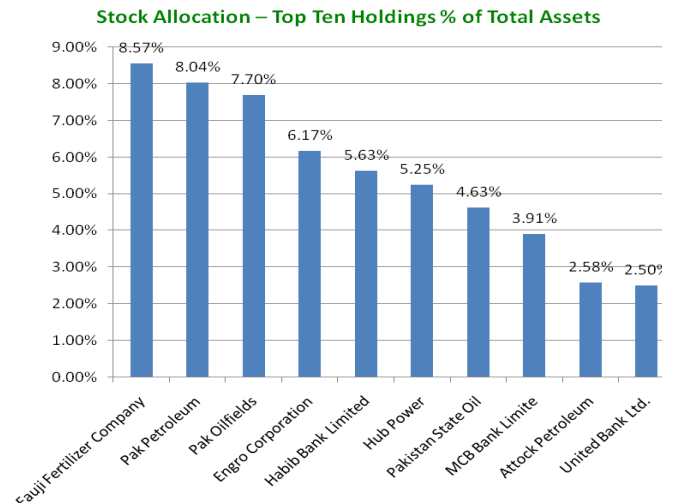
* KSE 100- Index

Fund Manager's Commentary

The month of June 2010 was less volatile as the KSE100 Index moved in a range of about 728 points compared to 1,300 in the previous month. On MoM basis the KSE100 gained 4.24% and touched a high of 9,860 points on Jun 20, 2010 and closed at 9,721 points. Volumes remained slightly lower than last month as they decreased by 1.22% to 99.45mn shares compared to 100.68mn shares last month. On YoY basis, the KSE100 gained 36% compared to 42% in FY09.

Foreign investors remained net buyers this month however the portfolio amount invested decreased compared to last month.

On economic front, the country is still facing major concerns like significant energy deficits, low tax to GDP ratio, mounting government borrowing for budgetary support, double digit inflation and uncertainty in foreign financial support. Economic numbers revealed GDP growth of 4.1% for the current year whereas a target of 4.5% for the coming year has been set which seems to be non realistic because of many economic barriers. Inflation would stand around 12%-13% for the current year whereas a target of 9.5% has been set. Fiscal deficit for the current year is at 5.1% of GDP while government is aiming it to bring it down to 4% of GDP in the coming year. As per the official figures released by the Federal Bureau of Statistics (FBS), the average inflation for 11MFY10 was measured at 11.64%. All the above mentioned economic indicators didn't support the stock exchange much, hence a month of lackluster behavior was observed.



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