

HBL Income Fund

Fund Manager's Report
May 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 101.83

Fund Manager M. Amir Khan

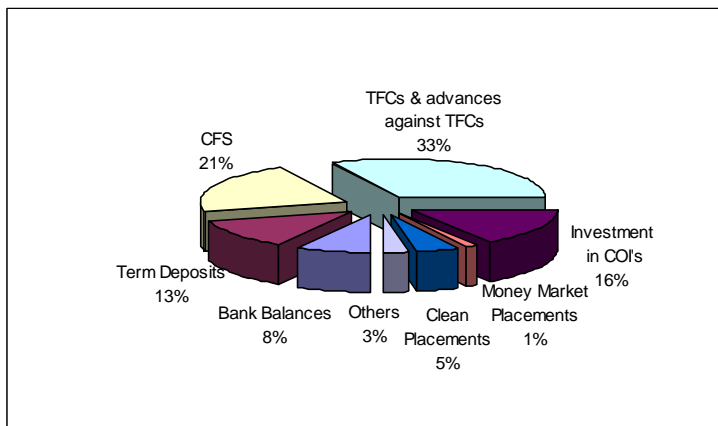
Fund Size: PKR 6.332 billion

Benchmark 1 Month Kibor

Fund Return:

May 2008	8.03%
Last 3 Months Average	9.63 %
Year to Date	9.30%

Asset Allocation as on May 31, 2008



Fund Manager's Commentary

Interbank Market remained tight during the month of May 2008 primarily due to the shortage of liquidity in the system with SBP's decisions to increase discount rate by 150 bps from 10.5% to 12% and simultaneously increasing the CRR and SLR by 100 bps to 9% and 19% respectively on May 22, 2008. These measures immediately squeezed liquidity from the banking system. As a result the call rates increased by 4% to 5%. One month KIBOR was at its lowest level at 9.98% on May 2, 2008 and shot up to its highest level of 14.24% on May 26, 2008. The average KIBOR increased from 10.01% in April 2008 to 11.24% in May 2008.

Average CFS rates also shot up from the 11.70% during the month of April to 14.75% for the month of May. Most of the funds experienced redemptions during the month under review. In order to generate liquidity by certain funds there were selling pressures in TFCs which prompted a decline in TFCs prices. Due to this, mark to market losses were witnessed in certain TFCs held in the Fund's portfolio. As a result the annualized return for the month of May declined to 8.03% as against 9.31% in April 2008.

The Fund experienced redemptions during the month of May 2008. The Fund under management declined by 10.3% to PKR 6.33 billion in May 2008 from PKR 7.06 billion in April 2008.

During the month under review, the Fund reduced its exposure in CFS market from 42% to 21%. The bank deposits declined from 12% in April 2008 to 8% in May 2008. The exposure in TFCs increased from 27% to 33% and in COIs from 6% to 16% in May 2008.

Going forward, with higher interest rates and re-pricing of TFCs with revised KIBOR (from date of next coupon), the return on Fund would gradually improve, provided no further fall is experienced in TFCs prices.

TFC Portfolio Rating		TDR portfolio Rating	
Rating	% of Total	Rating	% of Total
AA+	9%	AA+	30%
AA	65%	AA	50%
AA-	4%	AA-	10%
A+	4%	A	10%
A	14%		
A-	4%		
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
May 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 Information :

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 97.75

Fund Manager

M. Amir Khan

Fund Size:

PKR 1.694 billion

Fund Return:

May 2008 -11.7%

Benchmark KSE-100 Index

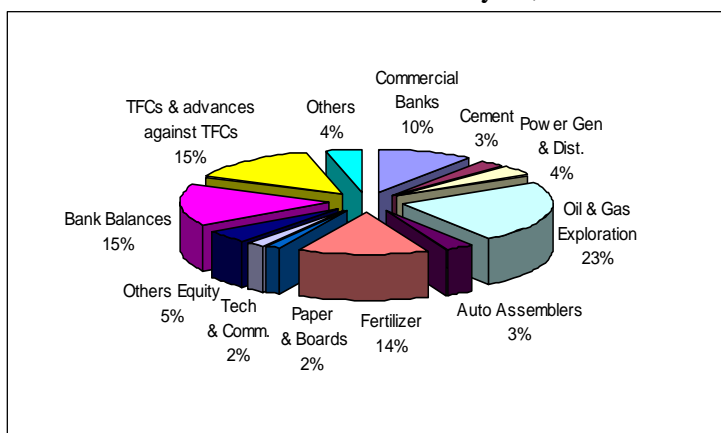
Benchmark Return For the Month of May 2008 -19.73%

Fund Manager's Commentary

The market was bearish through the month of May 2008. The KSE 100 Index went sharply down from 15,122 points in April 30, 2008 to 12,130 points on 30th May 2008, thereby showing a massive decline of 2992 points or 19.8%. The bearish tempo was mainly contributed by Banking Sector followed by Oil Marketing & Exploration, Investment Companies and Insurance Sectors. The decline in market was fueled by the Monetary Policy announced by State Bank of Pakistan raising discount rate from 10.5% to 12.00% and increase in CRR and SLR by 100 basis points (one percent) to 9% and 19% respectively. The downward trend was further aggravated by reports of imposition of capital gain tax from the next financial year and negative news about change in pricing formula for Refineries. The turnover in shares declined by 2.6% to 185 million shares in May 2008 as against 190 million shares in April 2008. The share prices have already discounted, however, future of the Stock Market would be dependent on the upcoming budget announcement and political condition of the country.

The NAV of the Fund decline by 11.7% to Rs.97.75 as against decline of 19.8% in KSE 100 Index. The fund was invested to the extent of 66% in equity, 15% in TFCs and 15% cash is maintained to avail possible investment opportunities.

Asset Allocation as on May 31, 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. Indus Motors Limited
6. Oil and Gas Development Company Limited
7. Pakistan Petroleum Limited
8. Pakistan Oilfields Limited
9. Pakistan Telecommunication Limited
10. The Hub Power Company Limited

(Note: The holdings are stated in alphabetical order)

HBL ASSET MANAGEMENT

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HBL Multi-Asset Fund

Fund Manager's Report
May 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.

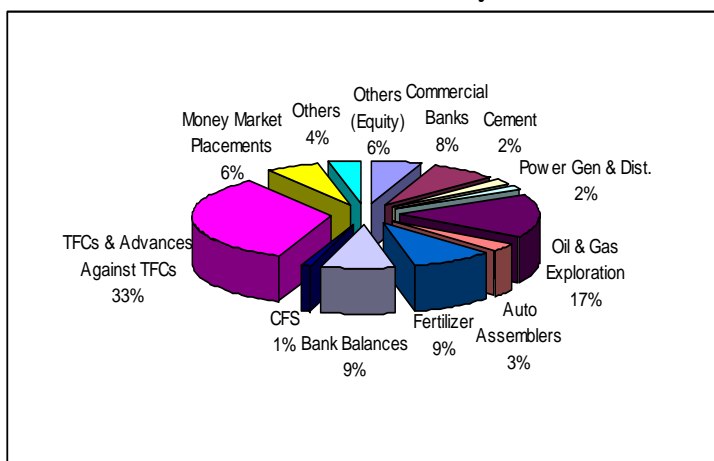
Fund Information :

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 96.82

Fund Manager M. Amir Khan

Fund Size: PKR 698 million

Asset Allocation as on May 31, 2008



Fund Manager's Commentary

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The market was bearish through the month of May 2008. The KSE 100 Index went sharply down from 15,122 points in April 30, 2008 to 12,130 points on 30th May 2008, thereby showing a massive decline of 2992 points or 19.8%. The bearish tempo was mainly contributed by Banking Sector followed by Oil Marketing & Exploration, Investment Companies and Insurance Sectors. The decline in market was fueled by the Monetary Policy announced by State Bank of Pakistan raising discount rate from 10.5% to 12.00% and increase in CRR and SLR by 100 basis points (one percent) to 9% and 19% respectively. The downward trend was further aggravated by reports of imposition of capital gain tax from the next financial year and negative news about change in pricing formula for Refineries. The turnover in shares declined by 2.6% to 185 million shares in May 2008 as against 190 million shares in April 2008. The share prices have already discounted, however, future of the Stock Market would be dependent on the upcoming budget announcement and political condition of the country.

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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