

# HBL

# ASSET MANAGEMENT

AMC Rating – AM3+ by JCR-VIS

## FUND MANAGER'S REPORT AUGUST 2011

[HBL MoneyMarketFund](#)

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[HBL MultiAssetFund](#)

[HBL IslamicStockFund](#)

[HBL IslamicMoneyMarketFund](#)

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# HBL IncomeFund

## Investment Objective:

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

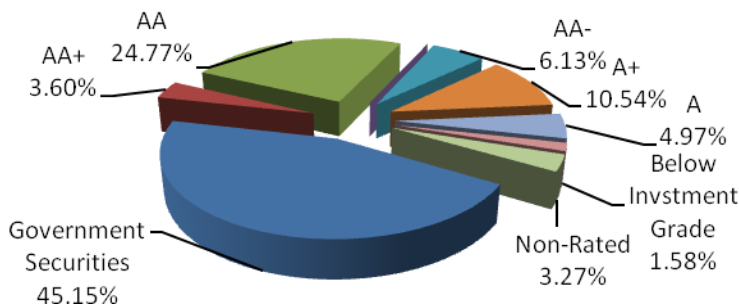
## Fund Manager's Commentary:

During the month, the fund has yielded annualize return of 14.73% against average 6-month KIBOR of 13.37% hence outperform benchmark by 10.17%. Moreover, M-o-M comparison reveals that the fund's return has registered a substantial increase of 30% from 11.32% of last month. Due to subscription in debt instrument issued by Bank Al Habib Ltd., exposure in TFCs has been increased from 48.55% to 50.12%.

Fund Returns (%)	HBL IF	Benchmark*
Year to Date	13.00%	13.59%
Since Inception	10.13%	12.01%
Calendar Year 2011	14.16%	13.55%
Trailing 12-months	13.16%	13.37%

Asset Allocation (% of Total Assets)	Aug '11	Jul '11
Cash	1.46%	0.25%
TFCs	50.12%	48.55%
PIBs	1.51%	1.47%
T-Bills	43.64%	44.64%
Advance against TFCs	-	1.94%
Others including receivables	3.27%	3.15%

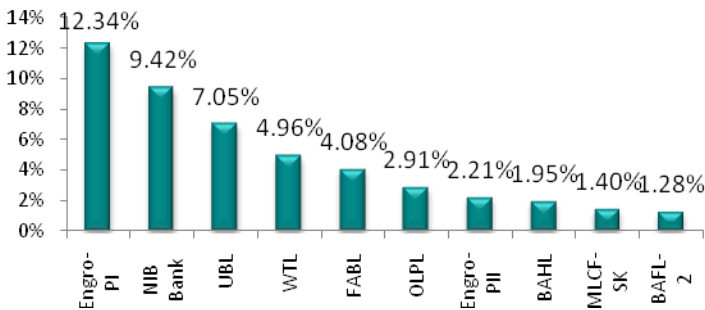
## Asset Quality of Portfolio (% of Total Assets)



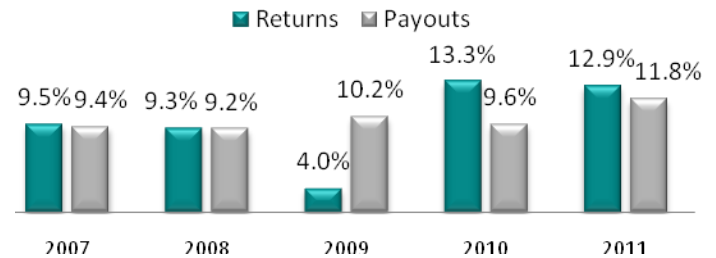
## Fund Information

Fund Type:	Open-end
Category:	Income Scheme
Launch Date:	March 15, 2007
Net Assets:	PKR 1.543 Billion
NAV:	PKR 100.5769
Benchmark:	6 Month KIBOR
Dealing Days:	Monday-Friday
Cut-off Time:	9:00 AM-3:00 PM (Mon-Fri)
Price Mechanism:	Forward Pricing
Management Fee:	1.5% per annum
Front End/Back End Load:	Nil/Nil
Trustee:	Central Depository Company of Pakistan Ltd.
Auditors:	A.F. Ferguson & Company Chartered Accountants
Asset Manager Rating:	AM3+ (JCR VIS Credit Rating Company Ltd.)
Fund Stability Rating:	A (f) (JCR VIS Credit Rating Company Ltd.)
Risk Profile:	Moderate
Leverage:	Nil
Weighted Average time to maturity:	2.51 years
Members of Investment Committee:	Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq and Noman Qurban

## Top Ten TFC Holding (% of Total Assets)



## Returns and Payout History %



Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	11.32%	14.73%	-	-	-	-	-	-	-	-	-	-	13.0%
2010-11	6.47%	13.78%	19.49%	0.00%	7.64%	22.23%	-5.81%	16.51%	46.45%	7.34%	12.09%	23.38%	12.90%

Name of Non-Compliant Investment (in Millions PKR)	Type	Value of Investment before Provision	Provision Held	Value of Investment after Provision	% of Net Assets	% of Gross Assets
Maple Leaf Cement Factory	Sukuk	34.96	13.03*	21.92	1.42%	1.42%
New Allied Electronics	TFC	19.33	19.33	-	-	-
New Allied Electronics	Sukuk	45.00	45.00	-	-	-
Eden Housing Ltd.	Sukuk	13.26	13.26	-	-	-
Agri Tech Ltd.	TFC	9.99	9.99	-	-	-
Saudi Pak Leasing Company Ltd.	TFC	6.97	4.153	2.82	0.18%	0.18%

\*This represents unrealized diminution in price of MLCF amount to PKR 13.03 million

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### 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.

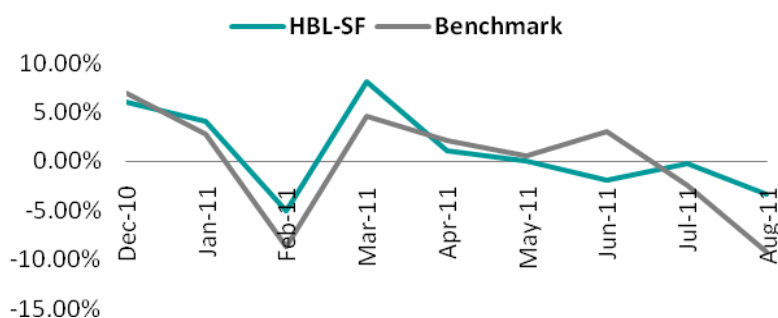
### Fund Manager's Commentary:

HBL SF outperformed the market by posting a YTD return of -3.58% as opposed to -11.44% of its benchmark. Exposure increased in the electricity sector by 0.59% including a 0.26% increased exposure in HUBCO. The fund also invested in the offering of EFOODS, to gain exposure in the high growth potential food sector of the country. The performance of the fund remained amongst the best in its category, with a return of 21.69% for the last twelve months.

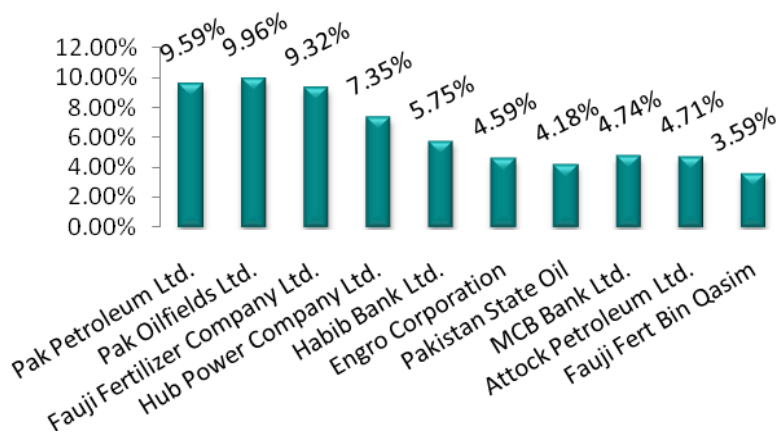
Fund Returns (%)	HBL SF	Benchmark*
Year to Date	-3.58%	-11.44%
Since inception	16.41%	-9.4%
Calendar Year 2011	2.76%	-7.95%
Trailing 12 months	21.69%	12.77%

\*KSE-100 Index

### HBL SF M-o-M Return Vs Benchmark (KSE 100 index)



### Stock Allocation – Top Ten Holdings % of Total Assets



### Fund Information

Fund Type: Open-end  
 Category: Equity Scheme  
 Launch Date: August 27, 2007  
 Net Assets: PKR 1.908 billion  
 NAV: PKR 90.0561  
 Benchmark: KSE-100 Index  
 Dealing Days: Monday-Friday  
 Cut-off Time: 9:00 AM – 3:00 PM  
 Price Mechanism: Forward Pricing  
 Management Fee: 3.0% per annum  
 Front End/Back End Load: 2.5%/Nil  
 Trustee: Central Depository Co. of Pakistan Ltd.  
 Auditors: A.F Ferguson & Co. Chartered Accountants  
 Asset Manager Rating: AM3 + (JCR VIS Credit Rating Co. Ltd.)  
 Risk Profile: High  
 Leverage: Nil  
 Members of Investment Committee: Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq and Noman Qurban

Asset Allocation ( % of Total Assets)	Aug '11	Jul '11
Cash	1.40%	0.66%
Stocks/Equities	84.08%	84.34%
T-Bills	13.51%	13.89%
Others including receivables	1.00%	1.12%

Sector Allocation (% of Total Assets)	Aug '11	Jul '11
Oil and Gas	31.42%	31.50%
Chemicals	17.97%	18.63%
Banks	15.27%	15.40%
Electricity	11.49%	10.90%
Personal Goods	3.16%	3.12%
Others	4.77%	4.79%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	-0.22%	-3.37%	-	-	-	-	-	-	-	-	-	-	-3.58%
2010-11	7.56%	-5.22%	0.87%	4.64%	5.80%	6.05%	4.13%	-4.99%	8.18%	1.08%	0.01%	1.87%	28.19%

Name of Non-Compliant Investment (In Millions PKR)	Type	Value of Investment before Provision	Provision Held	Value of Investment after Provision	% of Net Assets	% of Gross Assets
Dewan Cement Limited	TFC	25 million	25 million	-	0.00%	0.00%

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## Investment Objective:

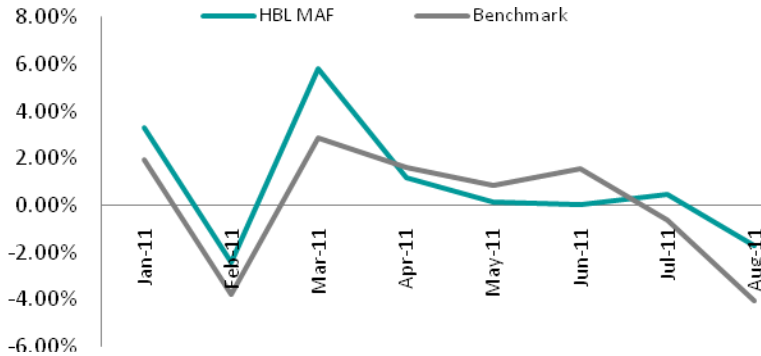
The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes such as equity, equity related instruments, fixed income securities, derivatives and money market instruments etc.

## Fund Manager's Commentary:

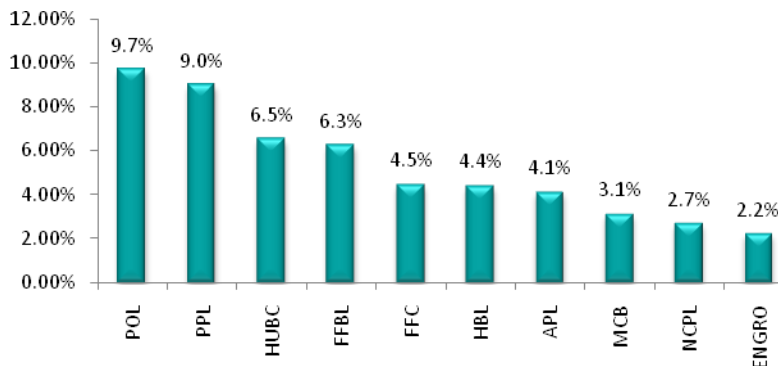
The month has witnessed negative return due to sharp plunge in KSE 100 index hence it registered -1.71% against benchmark of -4.59%. Moreover, during the month, the fund has divested from government securities from 20.19% in Jul '11 to 14.65% and increased its

Fund Returns (%)	HBL MAF	Benchmark*
Year to Date	-0.73%	-4.60%
Since Inception	18.80%	21.31%
Calendar year	7.43%	0.50%
Trailing 12 months	19.88%	12.98%
*50% KSE-100 Index & 50% 1-M KIBOR		

## HBL MAF M-o-M Return Vs Benchmark



## Stock Allocation – Top Ten Holdings % of Total Assets



## Fund Information

Fund Type:	Open-end
Category:	Balanced Scheme
Launch Date:	December 14, 2007
Net Assets:	PKR 330.898 Million
NAV:	PKR 83.5488
Benchmark:	50% KSE-100 Index & 50% 1-M KIBOR
Dealing Days:	Monday-Friday
Cut-off Time:	9:00 AM-3:00 PM
Price Mechanism:	Forward Pricing
Management Fee:	2.0% per annum
Front End/Back End Load:	2.0%/Nil
Trustee:	Central Depository Co. of Pakistan Ltd
Auditors:	A.F Ferguson & Company Chartered Accountants
Asset Manager Rating:	AM3 + (JCR VIS Credit Rating Co. Ltd.)
Risk Profile:	Moderate/High
Leverage:	Nil
Members of Investment Committee:	Shahid Ghaffar, Rehan N. Shaikh, Mr. Amir Khan, Umar Farooq and Noman Qurban

Asset Allocation (% of Total Assets)	Aug '11	Jul '11
Cash	5.53%	1.83%
TFCs	18.01%	13.53%
Stocks/Equities	59.71%	57.64%
T-Bills	14.65%	20.19%
Others Including Receivables	2.10%	2.39%
Advances against Subscription of TFC's	-	4.41%

Sector Allocation (% of Total Assets)	Aug '11	Jul '11
Oil and Gas	25.27%	24.29%
Chemicals	12.93%	12.92%
Electricity	10.41%	9.08%
Banks	9.94%	9.96%
Construction and Materials	1.10%	0.89%
Others	0.82%	0.49%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	0.45%	-1.17	-	-	-	-	-	-	-	-	-	-	-0.73%
2010-11	5.53%	-3.20%	-0.47%	3.90%	3.80%	4.25%	3.33%	-2.42%	5.81%	1.17%	0.15%	0.00%	23.55%

Details of non-compliant investments (securities below investments grade- Rs in Million)

Name of Non-Compliant Investment	Type	Value of Investment before Provision	Provision Held	Value of Investment after Provision	% of Net Assets	% of Gross Assets
Saudi Pak Leasing Company	TFC	19.59	11.51	8.07	2.44%	2.41%
Dewan Cement Limited	TFC	25.00	25.00	-	0.00%	0.00%

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## Investment Objective:

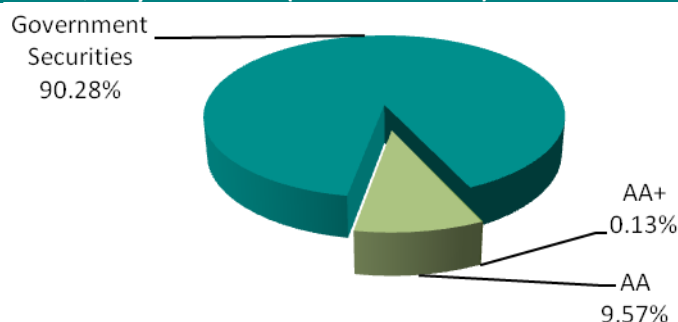
The objective of the Fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.

## Fund Manager's Commentary:

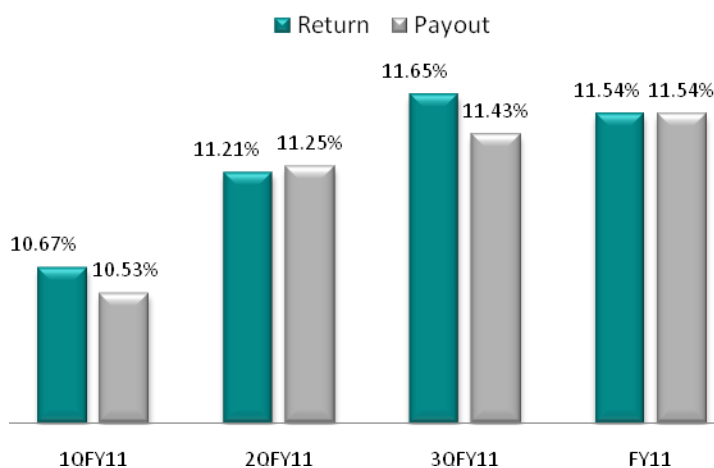
In the month of August 2011, the fund has earned a compounded return of 12.37% against the benchmark of 11.33%, thus outperforming it by 9.11%, which is highest since inception. The annualized return for the first eight month of calendar year 2011 is 11.59% against the benchmark return of 11.56%. The fund has shifted investment in government securities from 99.82% to 90.26% in Jul '11, because the fund has placed 9.56% of total asset in high yielding TDRs. Due to high performance and active marketing, the fund size went up to 6.515 bn in Aug '11 from 5.90 bn showing increase of 10.4%. The most important event pertaining to money market was decrease in discount rate by 50bp to 13.50% by SBP.

Asset Allocation ( % of Total Assets)	Aug '11	Jul '11
Cash	0.14%	0.16%
T-Bills	90.26%	99.82%
Term Deposit Receipts	9.56%	0%
Others Including Receivables	0.04%	0.02%

## Asset Quality of Portfolio (% of Total Assets)



## Annualized Return and Payout History (%)



## Fund Information

Fund Type:	Open-end
Category:	Money Market Scheme
Launch Date:	July 12, 2010
Net Assets:	PKR 6.515 Billion
NAV:	PKR 102.0788
Benchmark:	50% 3-M PKRV & 50% 3-M Deposit Rate
Dealing Days:	Monday-Saturday
Cut-off Time:	Mon-Fri (9:00 AM-3:00 PM) Sat (9:00 AM-12:00 PM)
Price Mechanism:	Forward Pricing
Management Fee:	1.00% per annum
Front End/Back End Load:	Nil/Nil
Trustee:	Central Depository Co. of Pakistan Ltd.
Auditors:	A.F Ferguson & Co. Chartered Accountants
Asset Manager Rating:	AM3 + (JCR VIS Credit Rating Co. Ltd.)
Fund Stability Rating:	AA+ (f) (JCR VIS Credit Rating Co. Ltd.)
Risk Profile:	Low
Leverage:	Nil
Weighted Avg. time to maturity:	78 Days
Members of Investment Committee:	Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq, and Noman Qurban

Fund Returns (%)	HBL MMF	Benchmark*
Year to Date	12.24%	11.43%
Since Inception	11.647%	11.01%
Calendar Year 2011	11.59%	11.56%
Trailing 12-months	11.65%	10.94%

Return %	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	11.97%	12.37%	-	-	-	-	-	-	-	-	-	-	12.24%
2010-11	10.43%	10.33%	10.96%	11.11%	10.68%	11.77%	11.29%	11.95%	11.75%	12.15%	11.27%	11.63%	11.54%

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**Investment Objective:**

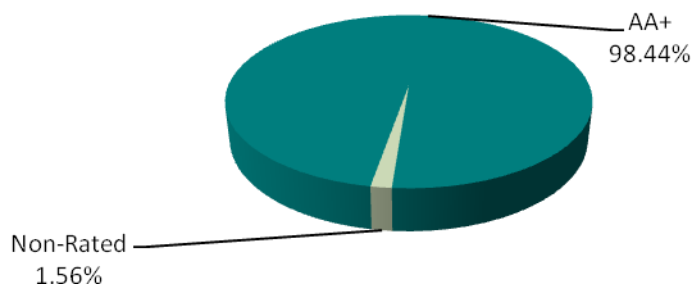
The objective of HBL Islamic Money Market Fund is to seek high liquidity, competitive return and maximum possible preservation of capital for investors by investment in low risk Shariah Compliant securities.

**Fund Manager's Commentary:**

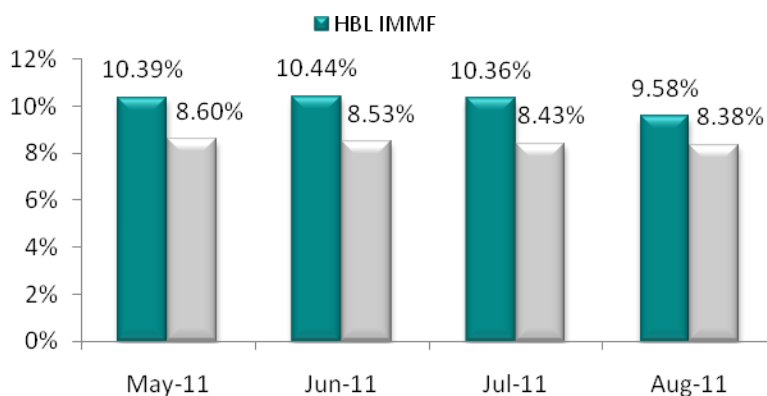
During the month the fund has registered annualized return of 9.58% against the benchmark of 8.38%. This outperformance is primarily due to better negotiated deposit rates. Because of vigilant eye on limited investment avenue on Islamic side, the fund has increased its exposure in TDRs from 61.86% in Jul '11 to 98.21% in Aug '11. The most important event pertaining to money market was decrease in discount rate by 50bp to 13.50% by SBP.

Asset Allocation ( % of Total Assets)	Aug '11	Jul '11
Cash	0.23%	35.81%
Term Deposit Receipts	98.21%	61.86%
Others Including Receivables	1.56%	2.33%

**Asset Quality of Portfolio (% of Total Assets)**



**Annualized MoM Return Vs Benchmark**



**Fund Information**

Fund Type: Open-end  
 Category: Islamic Money Market Scheme  
 Launch Date: May 10, 2011  
 Net Assets: PKR 405.161 Million  
 NAV: PKR 101.7017  
 Benchmark: 3-M Deposit Rate  
 Dealing Days: Monday-Saturday  
 Cut-off Time: Mon-Fri (9:00 AM-3:00 P M)  
 Sat (9:00 AM-12:00 PM)  
 Price Mechanism: Forward Pricing  
 Management Fee: 1.00% per annum  
 Front End/Back End Load: Nil/Nil  
 Trustee: Central Depository Co. of Pakistan Ltd.  
 Auditors: A.F Ferguson & Co. Chartered Accountants  
 Asset Manager Rating: AM3 + (JCR VIS Credit Rating Co. Ltd.)  
 Risk Profile: Low  
 Leverage: Nil  
 Weighted Avg. time to maturity: 70 Days  
 Members of Investment Committee: Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq, and Noman Qurban

Fund Returns (%)	HBL MMF	Benchmark*
Year to Date	10.01%	8.38%
Since Inception	10.21%	8.47%

Return %	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	10.36%	9.58%	-	-	-	-	-	-	-	-	-	-	10.01%
2010-11	-	-	-	-	-	-	-	-	-	-	10.39%	10.44%	10.46%

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## Investment Objective:

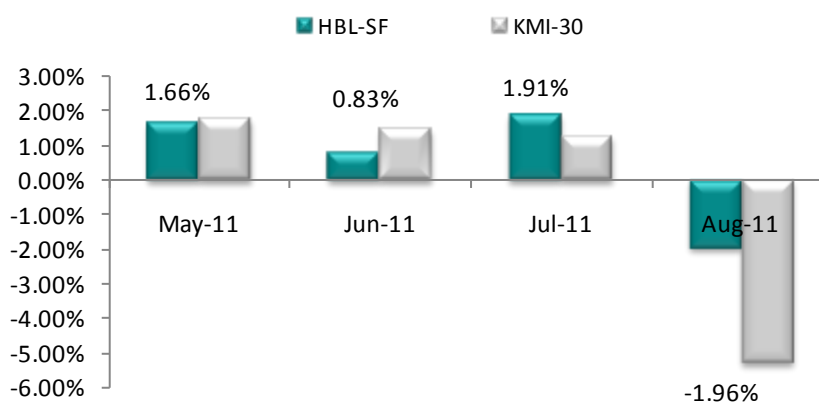
The objective of HBL Islamic Stock fund is to achieve long-term capital growth by investing mainly in Shariah Compliant Equity securities.

## Fund Manager's Commentary:

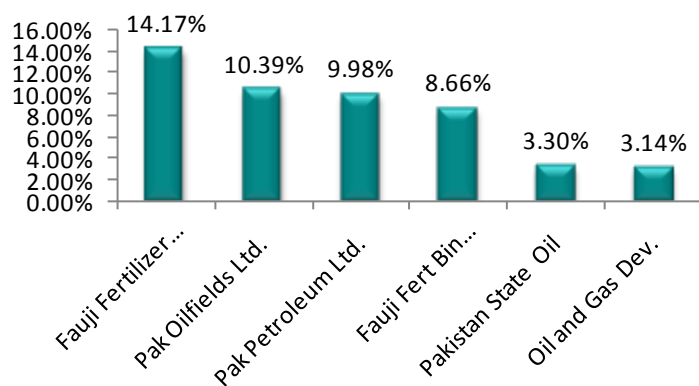
HBL Islamic Stock Fund is currently invested 79.07% in Shariah compliant stocks and 14.53% as balances with banks. The fund managed to stabilize its return at -1.96% for the month of August, during which the benchmark index witnessed a decline of 5.28%. The year to date return also paints a positive picture as HBL ISF proved to be less volatile than the benchmark, giving a return of -0.09% as opposed to KMI 30's return of -4.07%. Exposure in the electricity and construction sectors increased this month by 0.19% and 0.23%, respectively. Major investment of this fund is in FFC, POL, PPL and FFBL.

Fund Returns (%)	HBL ISF	Benchmark*
Year to Date	-0.09%	-4.07%
Since Inception	2.41%	-0.90%
*KMI 30 Index		

## MoM Return Vs Benchmark



## Stock Allocation – Major Holdings % of Total Assets



## Fund Information

Fund Type:	Open-end
Category:	Equity Scheme
Launch Date:	May 10 <sup>th</sup> 2011
Net Assets:	PKR 268.761 million
NAV:	PKR 100.8623
Benchmark:	KMI 30 Index
Dealing Days:	Monday-Friday
Cut-off Time:	9:00 AM – 3:00 PM
Price Mechanism:	Forward Pricing
Management Fee:	2.00% per annum
Front End/Back End Load:	2.0%/Nil
Trustee:	Central Depository Co. of Pakistan Ltd.
Auditors:	A.F Ferguson & Co. Chartered Accountants
Asset Manager Rating:	AM3 + (JCR VIS Credit Rating Co. Ltd.)
Risk Profile:	High
Leverage:	Nil
Members of Investment Committee:	Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq and Noman Qurban

Asset Allocation (% of Total Assets)	Aug '11	Jul '11
Cash	14.53%	14.79%
Stocks/Equities	79.07%	79.04%
Others	6.40%	6.17%

Sector Allocation (% of Total Assets)	Aug '11	Jul '11
Oil and Gas	37.28%	37.51%
Chemicals	25.74%	25.90%
Electricity	9.84%	9.65%
Construction and materials	6.21%	5.98%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	1.91%	-1.96%	-	-	-	-	-	-	-	-	-	-	-0.09%
2010-11	-	-	-	-	-	-	-	-	-	-	1.66%	0.83%	2.50%

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# ASSET MANAGEMENT

**Invest as low as Rs.5,000 in our Conventional funds and Rs.1,000 in our Islamic funds!**

**\* Easy Encashability**

**\* No minimum holding period**

**\* Competitive Returns**

**Three Simple Steps to Invest:**

1. Make payment through cheque / demand draft in favor of "CDC-Trustee HBL (Name of fund)"  
Eg: CDC Trustee HBL Money Market Fund
2. Attach the documents as specified in the Account Opening Form
3. Submit the required documents along with payment at our Head Office or Lahore Office Address

**For details contact us at:**

Head Office Address

88-8<sup>th</sup> Floor, Executive Tower, Dolmen City, Block 4, Clifton,  
Karachi

Tel: 021-35290171-86

Fax: 021-35290189

Lahore Office Address

102-103, Upper Mall, Lahore

Tel: 042-36281610

Fax: 042-36281686



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