

FUND MANAGER'S REPORT JUNE 2011

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HBL IncomeFund**Investment Objective:**

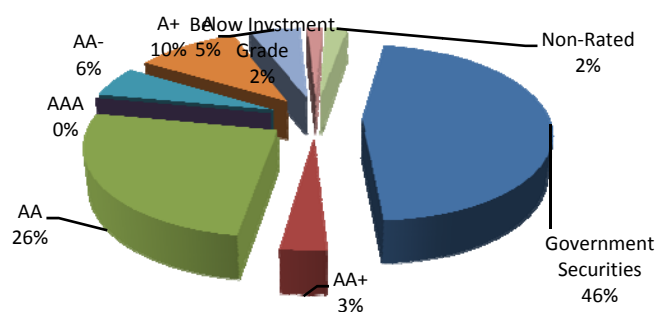
The objective of the Fund is to provide a stable stream of income with moderate level of risk by investing in fixed income securities.

Fund Manager's Commentary:

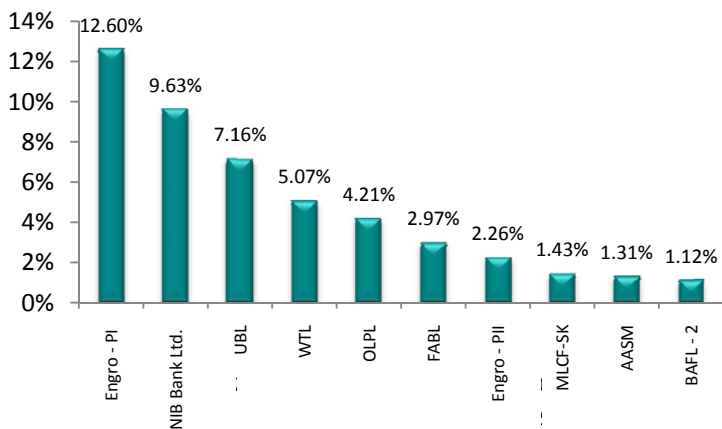
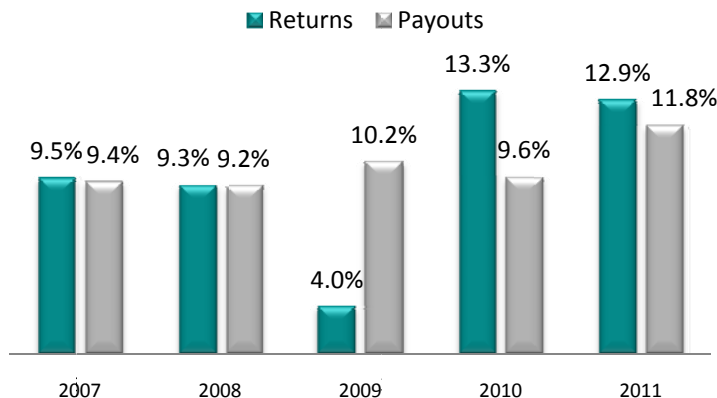
The fiscal year of the fund ended on a good note as in month of Jun '11 the fund has earned 23.38% return which is 9.6% more than the benchmark of 13.78%. This surge in return was primarily attributed due increase in some TFC's prices. Moreover, the fund slightly reduced its exposure in government securities from 46.29% in May '11 to 45.08% in Jun '11. The fund has also announced final dividend of PKR. 3.25/unit and this is in addition to the dividend of PKR. 8.25/unit paid during the FY10-11.

Fund Returns (%)	HBL IF	Benchmark*
Year to Date	12.90%	13.16%
Since Inception	9.80%	11.70%
Calendar Year 2011	14.97%	13.53%
Trailing 12-months	12.90	13.16%

Asset Allocation (% of Total Assets)	Jun '11	May '11
Cash	1.06%	0.31%
TFCs	49.26%	51.21%
PIBs	1.49%	1.51%
T-Bills	43.59%	44.78%
Advance against TFCs	1.96%	-
Others including receivables	2.64%	2.19%

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

Fund Type:	Open-end
Category:	Income Scheme
Launch Date:	March 15, 2007
Net Assets:	PKR 1.513 Billion
NAV:	PKR 101.7642
Benchmark:	6 Month KIBOR
Dealing Days:	Monday-Saturday
Cut-off Time:	9:00 AM-3:00 PM (Mon-Fri) 9:00 AM-12:00 PM (Sat)
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:	2.58 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 %**

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	13.04*	21.92	1.45%	1.45%
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	7.061	3.40	3.66	0.24%	0.24%

*This represents unrealized diminution in price of MLCF amount to PKR 13.04 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.

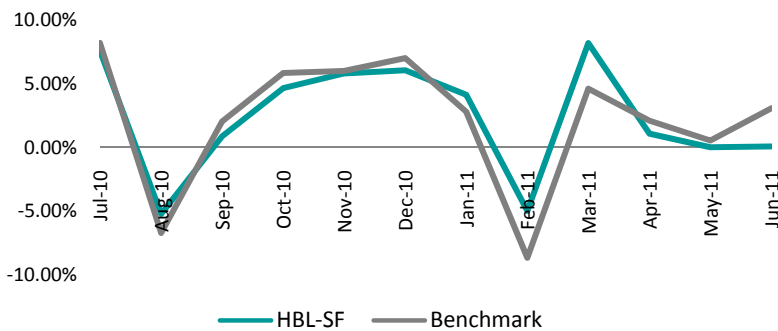
Fund Manager's Commentary: At the end of the Fiscal year 2011 HBL SF posted a YTD return of 28.19%. The fund has performed quite well since its inception and has given a return of 19.75% which is 17.45% above the benchmark. Moreover the fund continues to outperform the benchmark as its Calendar year return is considerably high at 6.17% vis a vis benchmark of 3.94%. In the month of June'11 the fund has reduced its exposure in equities by 4.6%. The M-o-M return of the fund was -1.87%. Moreover, the fund has announced final dividend of PKR 10.5/unit for FY10-11.

Fund Returns (%)	HBL SF	Benchmark*
Year to Date	28.19%	28.53%
Since inception	19.75%	2.3%
Calendar Year 2011	6.17%	3.94%
Trailing 12 months	28.19%	28.53%
*KSE-100 Index		

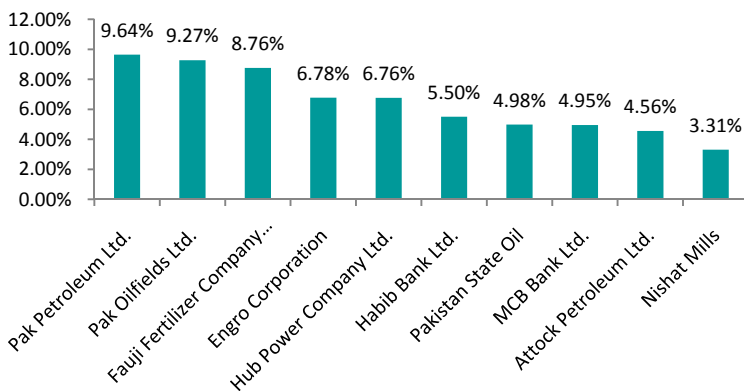
Fund Information

Fund Type: Open-end
 Category: Equity Scheme
 Launch Date: August 27, 2007
 Net Assets: PKR 1.98 billion
 NAV: PKR 103.9008
 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

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



Stock Allocation – Top Ten Holdings % of Total Assets



Asset Allocation (% of Total Assets)	June '11	May '11
Cash	3.49%	0.48%
Stocks/Equities	84.67%	89.27%
T-Bills	9.61%	9.34%
Others including receivables	2.23%	0.91%

Sector Allocation (% of Total Assets)	June '11	May '11
Oil and Gas	31.28%	32.52%
Chemicals	19.10%	21.93%
Banks	15.55%	15.36%
Electricity	10.47%	10.66%
Personal Goods	3.31%	3.58%
Others	4.95%	4.91%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2010-11	7.56	-5.22	0.87	4.64	5.80	6.05	4.13	-4.19	8.18	1.08	0.01	-1.87	28.19
2009-10	5.64	8.40	6.26	-1.86	1.26	1.29	1.41	0.51	4.49	0.38	-10.10	1.52	19.52

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	25.00	25.00	-	0.00%	0.00%

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Investment Objective:

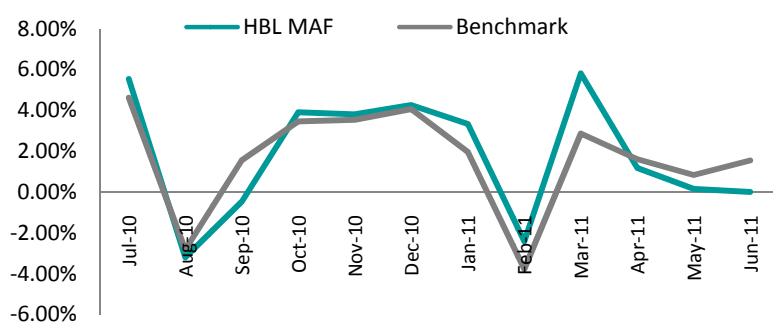
The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes such as equity, equity related instruments, fixed income securities, derivatives and money market instruments etc.

Fund Manager's Commentary: At the end of the Fiscal year 2010-2011, HBL Multi asset fund posted a remarkable YTD return of 23.55% against the benchmark of 20.81%. On The basis of calendar year, fund return continues to beat the benchmark by 2.85% to stand at 8.09% vis a vis benchmark of 5.24%. In the month of June'11 the fund reduced its exposure in equities by 3.21%, in TFC's by 3.06% and in T bills by 4.33% as compared to last month. No major change in Sector Allocation was witnessed. The fund has also announced final dividend of PKR 15.25/unit for FY10-11.

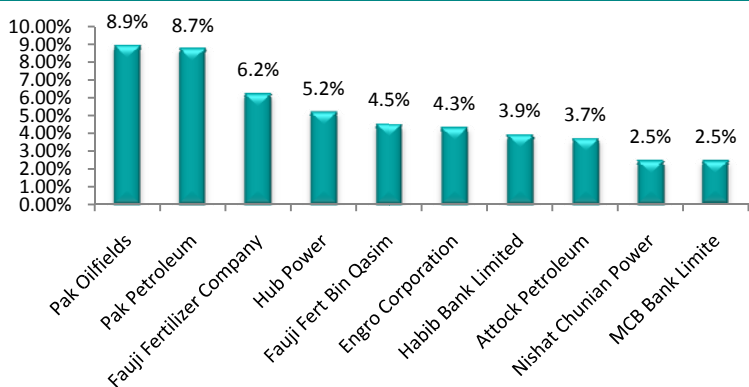
Fund Returns (%)	HBL MAF	Benchmark*
Year to Date	23.55%	20.81%
Since Inception	19.41%	23.65%
Calendar year	8.09%	5.24%
Trailing 12 months	16.42%	20.81%

*50% KSE-100 Index & 50% 1-M KIBOR

HBL MAF M-o-M Return Vs Benchmark



Stock Allocation – Top Ten Holdings % of Total Assets



Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
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
2009-10	3.92	6.25	4.54	-0.24	2.60	-0.33	0.31	1.13	3.49	1.20	-6.73	2.13	19.17

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	19.85	9.56	10.29	3.09%	3.05%
Dewan Cement Limited	TFC	25.00	25.00	-	0.00%	0.00%

Fund Information

Fund Type:	Open-end
Category:	Balanced Scheme
Launch Date:	December 14, 2007
Net Assets:	PKR 333.33 Million
NAV:	PKR 99.4110
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)	June'11	May'11
Cash	4.55%	0.45%
TFCs	15.13%	18.19%
Stocks/Equities	57.28%	60.49%
T-Bills	14.75%	19.08%
Others Including Receivables	3.86%	1.79%
Advances against Subscription of TFC's	4.44%	-

Sector Allocation (% of Total Assets)	June'11	May'11
Oil and Gas	24.28%	25.70%
Chemicals	13.43%	14.71%
Banks	9.26%	9.57%
Electricity	9.85%	9.08%
Construction and Materials	0.64%	0.64%
Others	0.53%	0.81%

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Investment Objective:

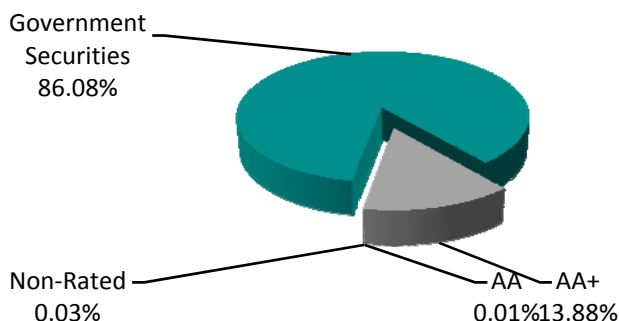
The objective of the Fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.

Fund Manager's Commentary:

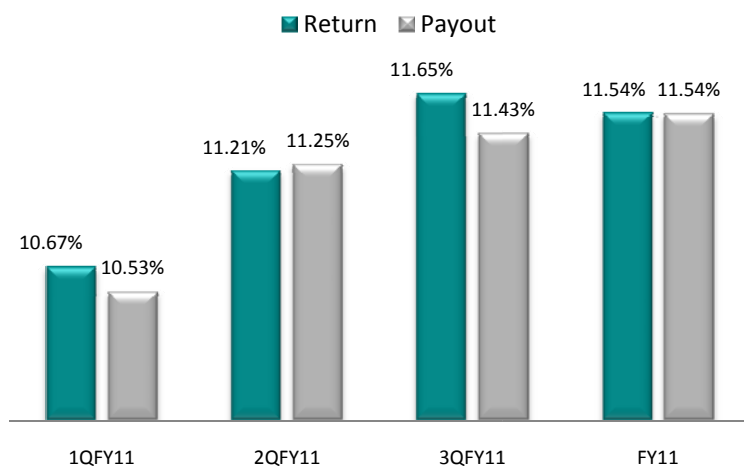
Money market funds remain in the lime light during the year and our fund performed well in yielding higher returns. During the month of Jun '11, the fund has earned 11.63% return as compared to benchmark of 11.44%. Slight change has been witnessed as 13.69% of the fund size has been entered in to term deposit receipts. Moreover, exposure in government securities was reduced from 99.89% in May '11 to 86.08% in Jun '11. During the calendar year, the fund earned around 11.49% as compared to benchmark of 11.40%. The fund has also announced final dividend of PKR 3.05/unit and this is in addition to the dividend of PKR 8.05/unit already paid during the FY10-11.

Asset Allocation (% of Total Assets)	June '11	May '11
Cash	0.19%	0.08%
T-Bills	86.08%	99.89%
Term Deposit Receipts	13.69%	-
Others Including Receivables	0.03%	0.03%

Asset Quality of Portfolio (% of Total Assets)



Return and Payout History (%)



Fund Information

Fund Type: Open-end
Category: Money Market Scheme
Launch Date: July 12, 2010
Net Assets: PKR 4.112 Billion
NAV: PKR 103.0504
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: 76 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	11.54%	10.95%
Since Inception	11.54%	10.95%
Calendar Year 2011	11.49%	11.40%
Trailing 12-months	11.24%	10.95%

Return %	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
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:

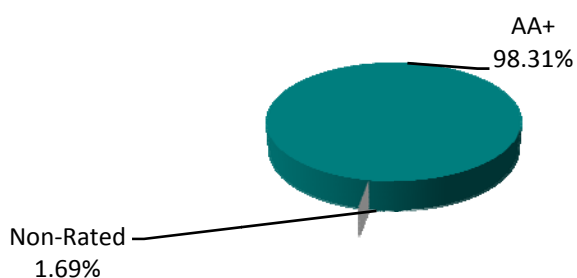
The objective of HBL Islami Money Market Fund is to seek high liquidity, competitive return and maximum possible preservation of capital for investors by investment in low risk Shariah Compliant securities.

Fund Manager's Commentary:

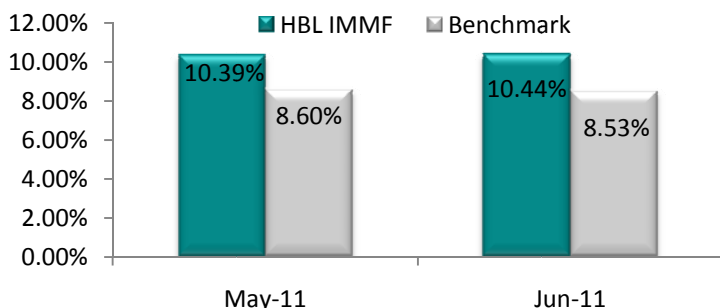
The fund has been launched in the mid of May '11 and since then it has performed well. During the month of June '11 the fund has earned 10.44% against the benchmark of 8.53%. The return is slightly higher than the return earned during initial 20 days of May '11 10.39%. However, no significant change has been witnessed during the month. Major chunk of fund is placed into secured term deposit yielding return better than the average deposit rates of 3 Islamic banking divisions. Moreover, the fund has also announced final dividend of PKR 1.46/unit for the FY10-11.

Asset Allocation (% of Total Assets)	June '11	May '11
Cash	35.69%	35.18%
Term Deposit Receipts	62.63%	63.53%
Others Including Receivables	1.69%	1.29%

Asset Quality of Portfolio (% of Total Assets)



MoM Return Vs Benchmark



Fund Information

Fund Type: Open-end
Category: Islamic Money Market Scheme
Launch Date: May 10, 2011
Net Assets: PKR 397 Million
NAV: PKR 101.4612
Benchmark: 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.)
Risk Profile: Low
Leverage: Nil
Weighted Avg. time to maturity: 25.52 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	10.46%	8.53%
Since Inception	10.46%	8.53%

Return %	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
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 Complaint Equity securities.

Fund Manager's Commentary:

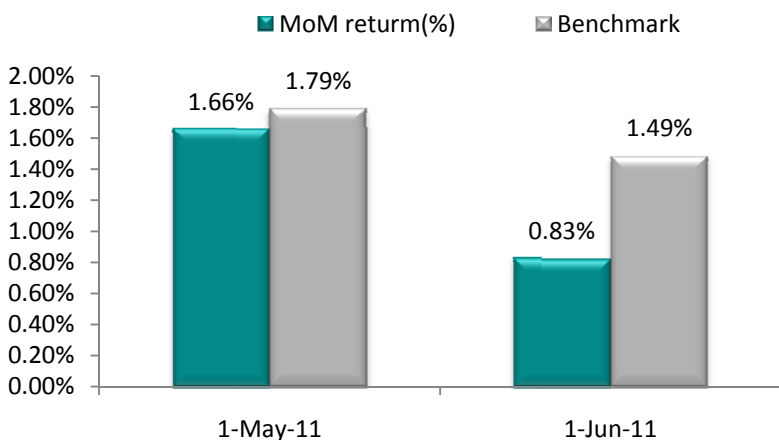
HBL Asset Management has launched a new fund in the month of May-11 namely HBL Islamic Stock fund. The fund has given a YTD return of 2.50% against the benchmark improvement of 3.31% in June-11. The fund has yielded a M-o-M return of 0.83% in June. The fund is currently 78.40% invested in equities with a minimal proportion of 15.12% placed in Bank. As far as the sector allocation is concerned, the fund has taken exposure in two key sectors that is 38.44% in Oil and Gas and 24.63% in Chemicals. A meager 9.29% has been kept in Electricity and 6.04% in Construction and Material respectively. As the fund is majorly invested in Oil and Gas and Chemicals, its major equity holdings similarly comprise of scrip such as FFC PPL, POL, FFBL, PSO and OGDC. The fund has announced final dividend of PKR 1.55/unit for the FY10-11.

Fund Returns (%)	HBL ISF	Benchmark*
Year to Date	2.50%	3.31%
M-o-M	0.83%	1.49%
*KMI 30 Index		

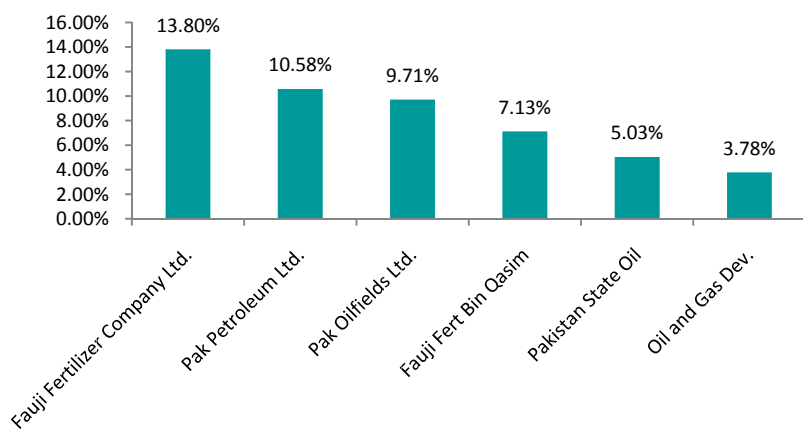
Fund Information

Fund Type: Open-end
 Category: Equity Scheme
 Launch Date: May 10th 2011
 Net Assets: PKR 268.587 million
 NAV: PKR 102.5007
 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

MoM Return Vs Benchmark



Stock Allocation – Major Holdings % of Total Assets



Asset Allocation (% of Total Assets)	June '11
Cash	15.12%
Stocks/Equities	78.40%
Others	6.48%

Sector Allocation (% of Total Assets)	June'11
Oil and Gas	38.44%
Chemicals	24.63%
Electricity	9.29%
Construction and materials	6.04%

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HBL

ASSET MANAGEMENT

Jahan Khwab, Wahan HBL

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