

# HBL

# ASSET MANAGEMENT

AMC Rating – AM3+ by JCR-VIS

## FUND MANAGER'S REPORT OCTOBER 2011

HBL MoneyMarketFund

HBL IncomeFund

HBL StockFund

HBL MultiAssetFund

HBL IslamicStockFund

HBL IslamicMoneyMarketFund

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**HBL IncomeFund****Investment Objective:**

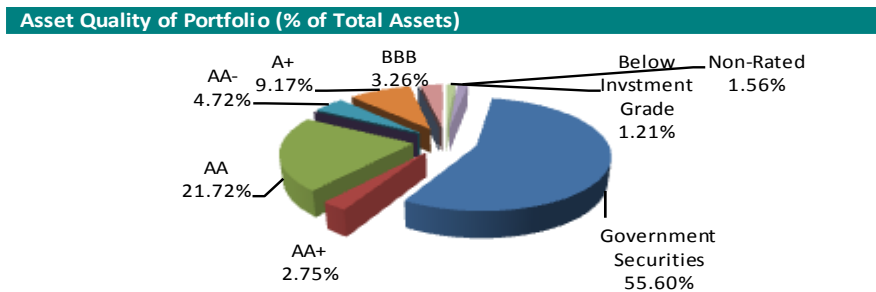
The objective of the Fund is to provide a stable stream of income with moderate level of risk by investing in fixed income securities.

**Fund Manager's Commentary:**

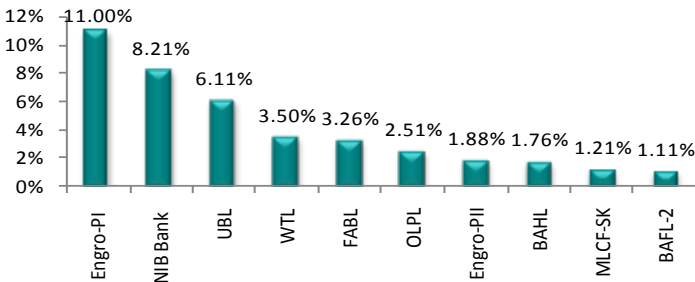
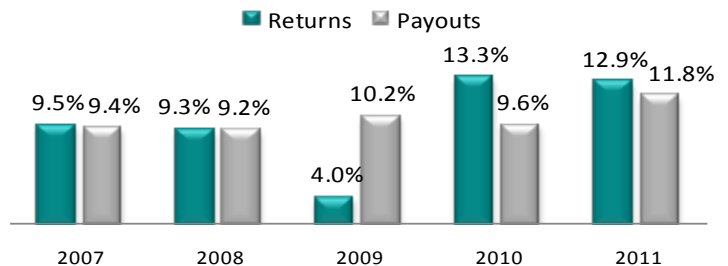
The fund has yielded annualized compound return of around 10.68% on YTD basis, lowered than the benchmark of 13.23%. This subdued performance was primarily due to provision made on some debt securities and downward movement in TFCs prices. During the month, the fund has divested from TFCs and increased its exposure in government securities to 54.23% of total assets (TA) in Oct '11 from 46.49% TA in Sep '11. Moreover, the fund has also announced 1QFY12 dividend of Rs. 2/unit.

Fund Returns (%)	HBL IF	Benchmark*
Year to Date	10.68%	13.23%
Since Inception	9.75%	12.00%
Calendar Year 2011	12.82%	13.44%
Trailing 12-months	12.87%	13.37%

Asset Allocation (% of Total Assets)	Oct '11	Sep '11
Cash	0.35%	0.65%
TFCs	42.48%	49.73%
PIBs	1.38%	1.51%
T-Bills	54.23%	46.49%
Others including receivables	1.56%	1.61%

**Fund Information**

Fund Type:	Open-end
Category:	Income Scheme
Launch Date:	March 15, 2007
Net Assets:	PKR 1.79 Billion
NAV:	PKR 99.9356
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:	KPMG Taseer Hadi & Co.
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:	2.16 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%	10.19%	6.62%	-	-	-	-	-	-	-	-	10.68%
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	1.22%	1.22%
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	4.76	2.11	0.14%	0.14%
World Call Telecom Ltd.	TFC	84.77	25.77**	58.99	3.29%	3.29%
Engro Fertilizer Ltd. ***	TFC	232.80	-	233	13.00%	12.87%

\*This represents unrealized diminution in price of MLCF amount to PKR 7.29 million

\*\* This represents unrealized diminution in price of World Call Tele Ltd. amount to PKR 8.02 million

\*\*\* This represents exposure of fund in Engro Fertilizer Ltd.

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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.

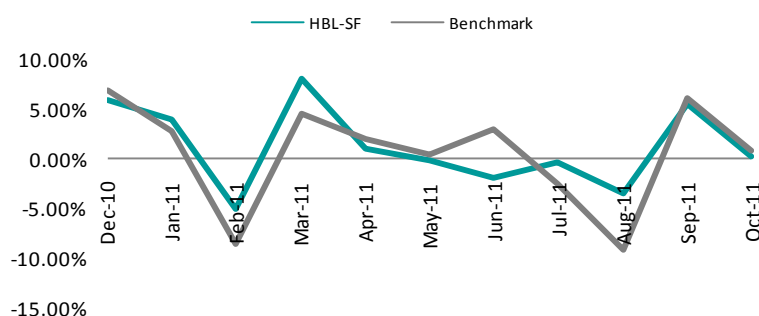
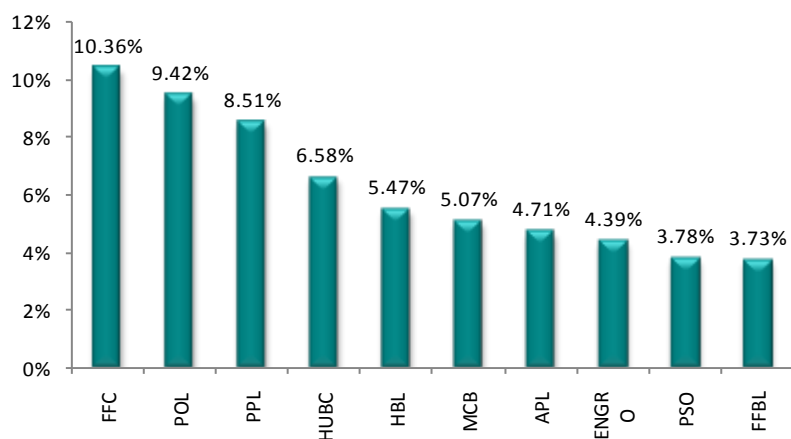
**Fund Manager's Commentary:**

After impressive growth in previous month, KSE 100 index has surged only by 0.91% in Oct '11 whereas HBL Stock Fund grew by 0.27%. During the month, investment in Oil and Gas was reduced from 30.50% of total assets (TA) in Sep '11 to 29.87% of TA in Oct '11 whereas exposure in banking and chemical sectors has been increased to 16.37% of TA from 15.53% TA, and 18.85% of TA from 17.84% of TA respectively.

Fund Returns (%)	HBL SF	Benchmark*
Year to Date	1.66%	-5.02%
Since inception	21.31%	-2.83%
Calendar Year 2011	7.77%	-1.28%
Trailing 12 months	20.91%	-11.99%
*KSE-100 Index		

**Fund Information**

Fund Type:	Open-end
Category:	Equity Scheme
Launch Date:	August 27, 2007
Net Assets:	PKR 2.019 billion
NAV:	PKR 95.3090
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:	KPMG Taseer Hadi & Co.
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)	Oct '11	Sep '11
Cash	0.79%	2.47%
Stocks/Equities	85.33%	82.97%
T-Bills	10.42%	12.87%
Others including receivables	3.46%	1.69%

Sector Allocation (% of Total Assets)	Oct '11	Sep '11
Oil and Gas	29.87%	30.50%
Chemicals	18.85%	17.84%
Banks	16.37%	15.53%
Electricity	11.14%	12.09%
Personal Goods	3.19%	3.21%
Others	5.91%	4.67%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	-0.22%	-3.37%	5.5%	0.27%	-	-	-	-	-	-	-	-	1.66%
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:**

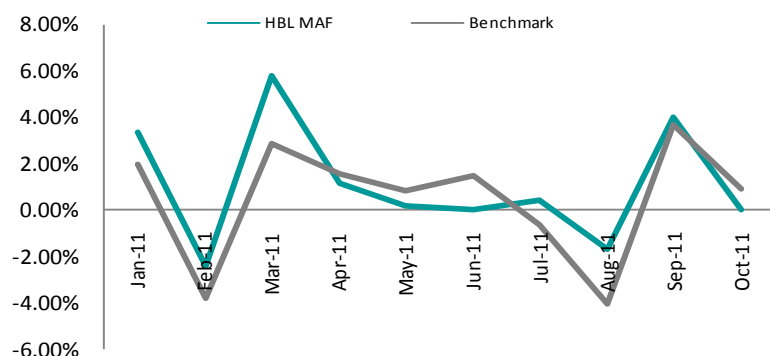
The objective of the Fund is to provide long-term capital growth and income by investing in multiple asset classes such as equity, equity related instruments, fixed income securities, derivatives and money market instruments etc.

**Fund Manager's Commentary:**

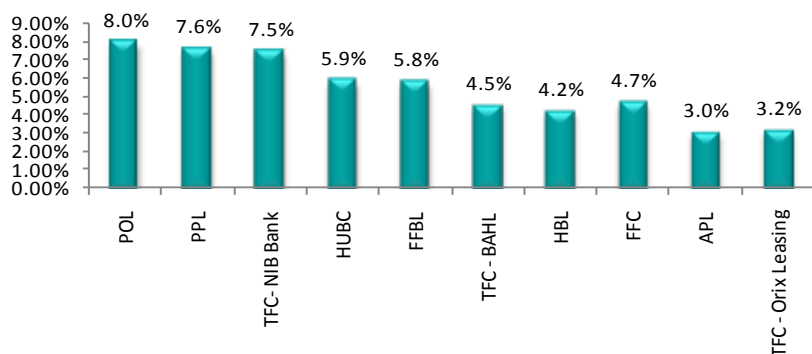
The fund has earned 0.2% for the month of Oct '11 against benchmark of 0.97%. KSE 100 index's improved performance in previous month has led the fund to invest more on equity side and precisely exposure in construction and material sector has increased from 1.09% of total assets in Sep '11 to 3.90% of total assets.

Fund Returns (%)	HBL MAF	Benchmark*
Year to Date	3.27%	-0.30%
Since Inception	22.16%	25.68%
Calendar year	11.08%	4.92%
Trailing 12 months	20.21%	12.63%
*50% KSE-100 Index & 50% 1-M KIBOR		

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



**Top Ten Holdings % of Total Assets**



**Fund Information**

Fund Type:	Open-end
Category:	Balanced Scheme
Launch Date:	December 14, 2007
Net Assets:	PKR 344.271 Million
NAV:	PKR 86.9125
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:	KPMG Taseer Hadi & Co.
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)	Oct '11	Sep '11
Cash	1.87%	6.51%
TFCs	16.13%	16.82%
Stocks/Equities	63.21%	60.10%
T-Bills	14.01%	14.25%
Others Including Receivables	4.78%	2.32%

Sector Allocation (% of Total Assets)	Oct '11	Sep '11
Oil and Gas	22.80%	24.78%
Chemicals	13.12%	12.55%
Electricity	9.81%	10.44%
Banks	12.23%	10.20%
Construction and Materials	3.90%	1.09%
Others	1.35%	1.04%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	0.45%	-1.17	4.01%	0.2%	-	-	-	-	-	-	-	-	3.27%
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	19.28	15.82	3.46	1.00%	0.99%
Dewan Cement Limited	TFC	25.00	25.00	-	0.00%	0.00%

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## Investment Objective:

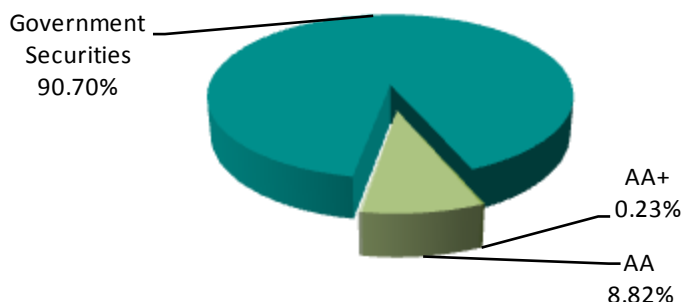
The objective of the Fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.

## Fund Manager's Commentary:

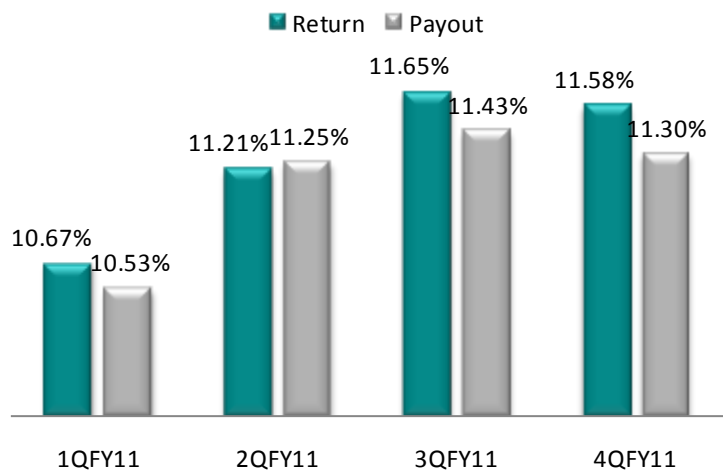
HBL Money Market has earned annualized return of 13.59% for the month of Oct '11 which is the highest return ever earned by the fund in single month since inception. Moreover the fund has outperformed benchmark by 33.88%. Funds under management by the fund has shoot up to Rs. 7.07 bn in Oct '11 from Rs. 5.05 bn. During the month, the fund has announced dividend of Rs. 2.75/unit for 1QFY12.

Asset Allocation ( % of Total Assets)	Oct '11	Sep '11
Cash	0.24%	0.27%
T-Bills	90.70%	89.30%
Term Deposit Receipts	8.81%	10.28%
Others Including Receivables	0.25%	0.16%

## 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 7.071 Billion
NAV:	PKR 101.520
Benchmark:	50% 3-M PKRV & 50% 3-M Deposit Rate
Dealing Days:	Monday-Friday
Cut-off Time:	Mon-Fri (9:00 AM-3:00 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:	KPMG Taseer Hadi & Co.
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:	79.19 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	12.67%	11.13%
Since Inception	11.84%	10.99%
Calendar Year 2011	11.83%	11.41%
Trailing 12-months	11.79%	11.03%

Return %	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	11.97%	12.37%	11.94%	13.59%	-	-	-	-	-	-	-	-	12.67%
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:**

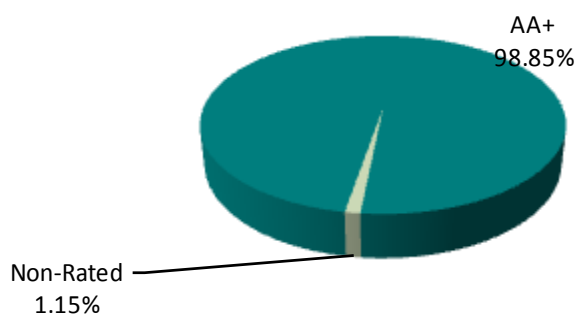
The objective of HBL Islamic Money Market Fund is to seek high liquidity, competitive return and maximum possible preservation of capital for investors by investment in low risk Shariah Compliant securities.

**Fund Manager's Commentary:**

HBL Islamic Money Market Fund has earned annualized return of 10.23% for the month of Oct '11; a slight decline of 1.8% has been witnessed from previous month's return. However, once again the fund has outperformed its benchmark by 29.7%. Moreover, the fund has also announced dividend of Rs. 2.25/unit for 1QFY12. Due to limited investment alternatives in Islamic money market fund, the investment style remained same as earlier but because of better negotiation with banks on profit rates, the fund has placed its money at high yielding deposits.

Asset Allocation (% of Total Assets)	Oct '11	Sep '11
Cash	62.66%	0.56%
Term Deposit Receipts	36.20%	96.90%
Others Including Receivables	1.15%	2.55%

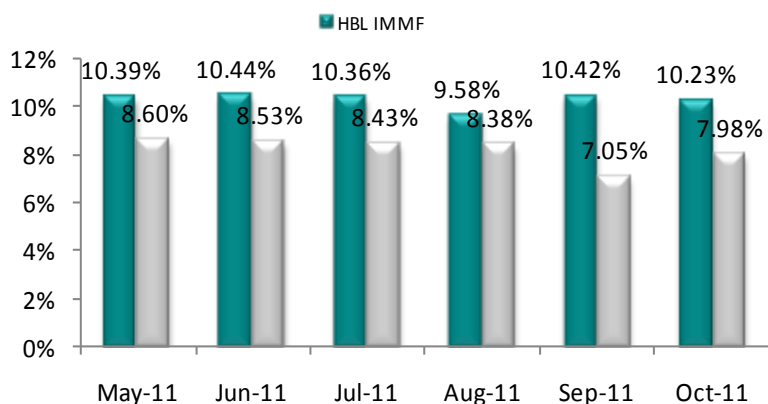
**Asset Quality of Portfolio (% of Total Assets)**



**Fund Information**

Fund Type: Open-end  
 Category: Islamic Money Market Scheme  
 Launch Date: May 10, 2011  
 Net Assets: PKR 412.145 Million  
 NAV: PKR 101.214  
 Benchmark: 3-M Deposit Rate  
 Dealing Days: Monday-Friday  
 Cut-off Time: Mon-Fri (9:00 AM-3:00 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: KPMG Taseer Hadi & Co.  
 Asset Manager Rating: AM3 + (JCR VIS Credit Rating Co. Ltd.)  
 Risk Profile: Low  
 Leverage: Nil  
 Weighted Avg. time to maturity: 9 Days  
 Members of Investment Committee: Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq, and Noman Qurban

**Annualized MoM Return Vs Benchmark**



Fund Returns (%)	HBL IMMF	Benchmark*
Year to Date	10.28%	7.95%
Since Inception	10.33%	8.15%

Return %	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	10.36%	9.58%	10.42%	10.23%	-	-	-	-	-	-	-	-	10.28%
2010-11	-	-	-	-	-	-	-	-	-	-	10.39%	10.44%	10.46%

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### Investment Objective:

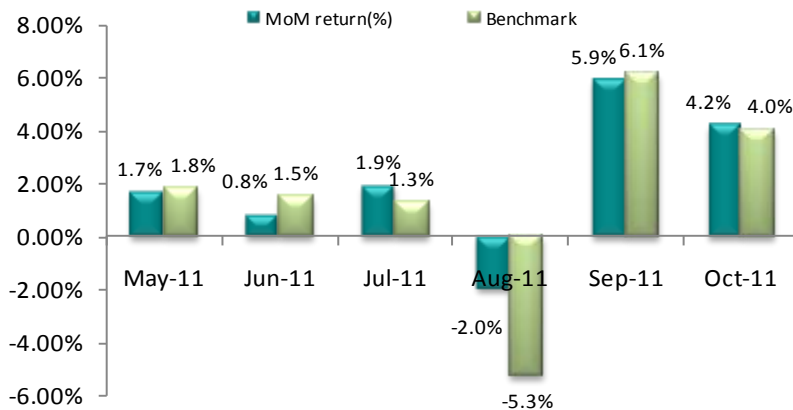
The objective of HBL Islamic Stock fund is to achieve long-term capital growth by investing mainly in Shariah Compliant Equity securities.

### Fund Manager's Commentary:

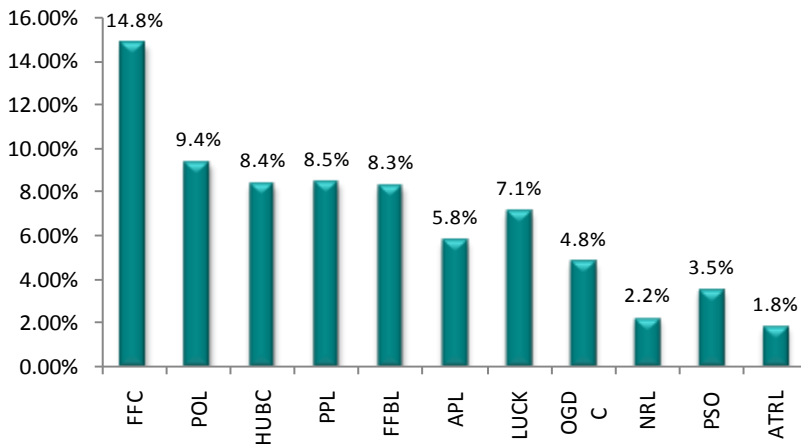
KMI 30 index moved up by 4% as compared to increase of 0.91% in KSE 100. During October 2011, the fund outperformed benchmark by 4.47% and earned around 4.2%. On YTD basis the fund has outperformed benchmark by 73.87%. The fund size has also increased to PKR 301 million in Oct '11 from PKR 284 million in Sep '11, showing an increase of 17 million or 6%. Asset allocation during the month has changed slightly as exposure in construction sector has been increased from 6.21% of total assets in Sep '11 to 11.17% of total assets in Oct '11 whereas exposure in remaining sector was decreased.

Fund Returns (%)	HBL ISF	Benchmark*
Year to Date	10.22%	5.88%
Since Inception	12.82%	9.38%
*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 301.073 million  
**NAV:** PKR 111.267  
**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:** KPMG Taseer Hadi & Co.  
**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)	Oct '11	Sep '11
Cash	8.26%	12.39%
Stocks/Equities	80.83%	78.59%
Others	10.91%	9.02%

Sector Allocation (% of Total Assets)	Oct '11	Sep '11
Oil and Gas	36.05%	37.28%
Chemicals	25.21%	25.74%
Electricity	8.41%	9.84%
Construction and materials	11.17%	6.21%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	1.91%	-1.96%	5.89%	4.18%	-	-	-	-	-	-	-	-	10.22%
2010-11	-	-	-	-	-	-	-	-	-	-	1.66%	0.83%	2.50%

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# HBL

# 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

**8B-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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