

HBL Income Fund

Fund Manager's Report

April 30, 2007

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 Ltd.
Registrar	HBL Asset Management Ltd.
Trustee	Central Depository Company of Pakistan Limited.
Auditors	A. F. Ferguson & Co.
Sales Load	N I L
Minimum Investment Size	PKR 5,000
Management Fee	1.50%
NAV per Unit	101.17

Fund Manager

Mr. Amir Khan

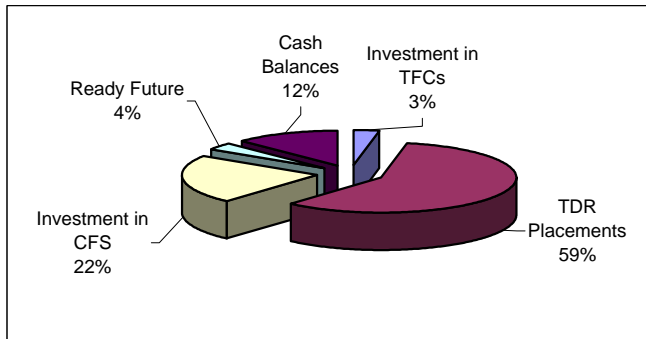
Size of Fund:

2.786 billion

Total Return :

Since Inception* 10.18%

* since March 19, 2007



Fund Manager's Commentary:

The Initial Public Offering (IPO) of the Fund was made on March 15-17, 2007 (Thursday to Saturday). March 18, 2007 being the Sunday holiday, your Fund started operation from 19th March, 2007.

During the month of April 2007, the market was flooded with surplus liquidity. The reason for surplus liquidity in the market can be attributed to several factors such as lesser off take of credit by Corporates, maturities from National Savings, huge inflow of funds from few private acquisitions by foreign investors and increase in SCRA/FDI. As a result the KIBOR rates of various tenors went down inspite of tight monetary policy being pursued by the State Bank of Pakistan. The average rate of 1-month KIBOR dropped to 9.43% in April 2007 as against 9.68% in March 2007.

The surplus liquidity had its bearing on CFS rates which on an average were 11.77% in April as against 12.40% in March 2007 and 14.96% in February 2007. The yield on TFCs also declined sharply due to strong demand from various mutual funds.

Your fund is following a prudent policy by investing in bank deposit having good ratings, well diversified portfolio of CFS, Ready Future Spread and TFCs having good rating's. A number of new TFCs offering are expected in the near future and your fund intends to increase its stake in the TFCs through Primary/Secondary market.

HBL ASSET MANAGEMENT

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.

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