

## HBL Income Fund

**Fund Manager's Report  
December 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 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 104.56

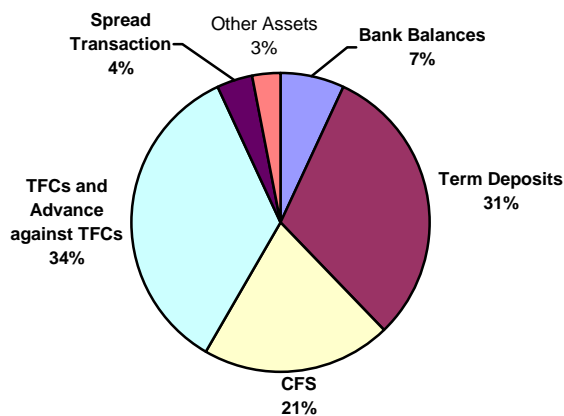
Fund Manager M. Amir Khan

Fund Size: PKR 6.11 billion

### Fund Return:

December 2007	8.39%
November 2007	8.50%

**Asset Allocation as on Dec 31, 2007**



### Fund Manager's Commentary

The Money Market remained tight during the month. There was an upward pressure on TDR rates towards the end of the month due to the year end pressure. The one month Kibor averaged to 9.81% increasing from 9.64% in the previous month.

CFS rates also showed an increasing trend, averaging at 12.26 % for the month of December 2007 as compared to 10.96% for the month of November 2007. The main reason for this increase in the CFS rates was due to temporarily withdrawal of funds from the market by the year end.

During the month under review the Fund experienced heavy redemptions mainly from banks and some corporate clients whose year ended on December 31, 2007, to book capital gains before the imposition of capital gains tax effective from January 1, 2008. The Fund was able to meet redemptions without difficulty.

The Fund's exposure in TDR/Bank Balances was Rupees 2.44 billion as on December 31, 2007 as against Rupees 2.83 billion on November 30, 2007, thereby showing a decrease of 13.8%. The exposure in CFS also reduced from Rupees 2.43 billion on November 30, 2007 to Rupees 1.33 billion by December 31, 2007. The exposure of CFS in terms of Rupees was kept low to meet redemption of units. The exposure of the Fund in TFC & Advance against TFCs increased from Rupees 1.89 billion to Rupees 2.25 billion as on December 31, 2007. The increase in TFC & Advance against TFCs exposure in spite of redemption was due to prior commitments made in advance to subscribe TFCs. The Fund's exposure in TFCs and Advance against TFCs increased to 34% of total assets against 26% as on November 30, 2007.

Going forward the Fund intends to reduce its exposure in TFC as percentage of total assets.

### 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 ASSET MANAGEMENT**

## HBL Stock Fund

**Fund Manager's Report**  
**December 2007**

### 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 102.40

Fund Manager M. Amir Khan

Fund Size: PKR 1.82 billion

### Fund Manager's Commentary

A bullish trend was mostly observed during the month, with the KSE 100 index rising from 13,924 points as on December 3, 2007 to 14,632 points on December 11, 2007. After a small correction the following day, the market showed stability during the third week of the month and continued its bullish trend, reaching the highest closing of 14,815 points on December 26, 2007. However, with the assassination of Mohtarma Benazir Bhutto, the market reacted very negatively, dropping 696 points to close at 14,076 points on December 31, 2007.

The Fund remained invested mainly in Oil and Gas Exploration, Fertilizer and Commercial Banks.

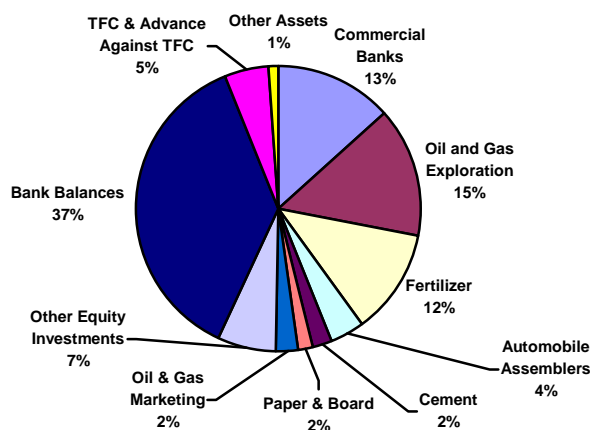
In light of the prevailing political uncertainties and expected buying opportunities at the stock market, the Fund conserved liquidity to the extent of 37%. The Fund will look for attractive levels from time to time to enter the market for earning long-term returns.

### Top Equity Holdings:

1. Engro Chemical Pakistan Limited
2. Fauji Fertilizer Company Limited
3. Habib Bank Limited
4. Indus Motor Company Limited
5. National Bank of Pakistan
6. Oil and Gas Development Company Limited
7. Packages Limited
8. Pakistan Oilfields Limited
9. Pakistan Petroleum Limited
10. Pakistan State Oil

(Note: The holdings are stated in alphabetical order)

**Asset Allocation as on Dec 31, 2007**



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