

HBL Income Fund

Fund Manager's Report
December 2008

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 95.04

Fund Manager

M. Amir Khan

Fund Size:

2.639 PKR billion

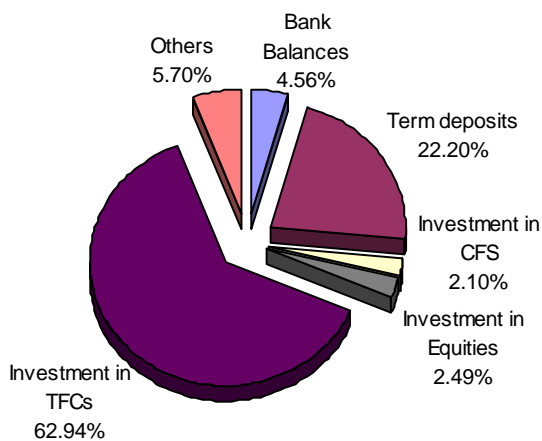
Benchmark

1 Month Kibor

Fund Return:

December 2008	13.18%
Last 3 Months Average	-4.56%
Year to Date	-4.45%

Asset Allocation as on December 31st, 2008



Fund Manager's Commentary

The year 2008 ended with significant International and Local events, as economic downturns were witnessed in global economies throughout the year. The global financial crisis is forecasted to continue to pose challenges during 2009.

The liquidity crunch that has been plaguing the financial markets during the past few months eased to a certain extent in December 2008. The IMF approved US\$7.6bln Stand By Arrangement and the first tranche of US\$3.1bln was also released. Average 1Month KIBOR merely increased from 14.28% in November 2008 to 14.32% in December 2008. Banks deposit rates showed some declining trend compared to previous month. A Few smaller banks, however, were offering higher rates to achieve their deposit target, for the year ended 31st December, 08.

As a result of extensive consultative process amongst all stake holders, the issue of CFS was finally resolved through a voluntary CFS MK-II Square Up Scheme. Under the Scheme, the CFS financiers and Government owned institutions agreed to purchase simultaneously and equally upto 60% of the CFS MK-II financed securities and securities deposited as margin against open CFS MK-II transactions (upto 30% by CFS Financiers and upto 30% by Government owned institutions).

Your Fund opted for the CFS MK-II Square Up Scheme, as a result of which, the Fund received equity securities of Rs. 70.54 million at 12.50% discount to December 24, 2008 closing prices. The Fund will sell these securities with in a period of three months as required by SECP. As on 31st December, the CFS investment of the Fund stood at Rs. 56.86 million as compared to Rs. 338.20 million in Nov, 08. The overall CFS value reduced from Rs.11.03 billion at the end of November 2008 to Rs.2.29 billion at the end of December 2008.

TFC Rating		Bank Rating (TDR/Deposits)	
Rating	% of Total	Rating	% of Total
AA+	10.41	AAA	2
AA	38.94	AA+	83
AA-	31.56	AA	15
A+	10.74		
A	2.43		
A-	2.59		
D	3.33		
Total	100		100

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 2008

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 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 57.98

Fund Manager

M. Amir Khan

Fund Size:

PKR 1.086 billion

Fund Return:

Benchmark

KSE-100 Index

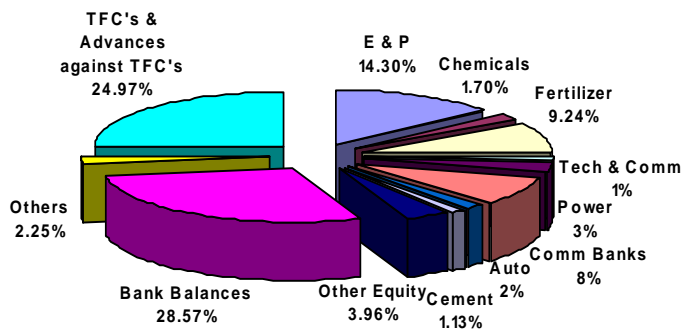
Fund Manager's Commentary

The floor mechanism which was introduced at the KSE on 27th August, 08 and remained enforced for about 110 days was removed on 15th December, 08. Since the removal of floor pricing the KSE-100 index declined sharply from 9,187 as on 12th December, 08 to 5,865 or by 36% as on 31st December, 08. Several factors such as CFS settlement problems, suspension of several clearing members and heavy selling by local and foreign investors were the major reasons for the steep decline in the market.

KSE-100 Index dropped from 12,289 points as on 30th June, 08 to 9,187 up to 12th December, 08 and further to 5,865 as on 31st December, 08, thereby showing a drop 52.27% during the last 6 months. Your Fund resumed issuance, redemption and suspension of units after the 3rd day of removal of the floor. We are pleased to report that we were among the very few Equity related Funds which removed suspension and started issuance, redemptions and transfer of units from 18th December, 08, on the day of the expiration of SECP directive.

The Fund was invested to the extent of 44% in equities, 25% in TFC's, 29% in Cash/TDRs and 2% in others. Your Fund is reasonably liquid and is continuously monitoring the market as it is well positioned to take advantage of investment opportunities.

Asset Allocation As on Decemebr 31, 2008



Top Ten Equity Holdings:

1. Engro Chemicals Pakistan Limited
2. Fauji Fertilizer Company Limited
3. Fauji Fertilizer Bin Qasim Limited
4. Habib Bank Limited
5. Hub Power Company Limited
6. Oil & Gas Development Corporation Limited
7. Pakistan Petroleum Limited
8. Pakistan Oilfields Limited
9. Pakistan Telecommunication Limited
10. United Bank Limited

(Note: The holdings are listed in alphabetical order)

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HBL Multi-Asset Fund

Fund Manager's Report
December 2008

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, Continuous Funding System, Derivatives and money market instruments etc.

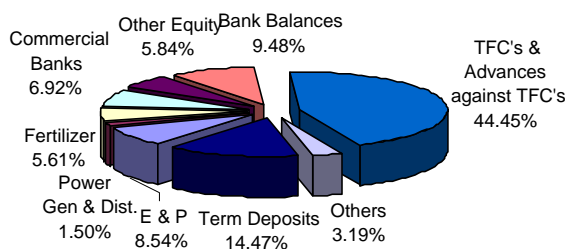
Fund Information :

Fund Type	Open End Balanced 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	2.0 % (Front-end)
Min. Investment Amount	PKR 5,000
Management Fee	2.0% per annum
NAV per Unit	PKR 65.20

Fund Manager M. Amir Khan

Fund Size: PKR 478million

Asset Allocation As on December 31st, 2008



Fund Manager's Commentary

The year 2008 ended with significant International and Local events, as economic downturns were witnessed in global economies throughout the year. The global financial crisis is forecasted to continue to pose challenges during 2009.

The liquidity crunch that has been plaguing the financial markets during the past few months eased to a certain extent in December 2008. The IMF approved US\$7.6bln Stand By Arrangement and the first tranche of US\$3.1bln was also released. Average 1Month KIBOR merely increased from 14.28% in November 2008 to 14.32% in December 2008. Banks deposit rates showed some declining trend compared to previous month. A Few smaller banks, however, were offering higher rates to achieve their deposit target, for the year ended 31st December, 08.

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Top Equity Holdings:

1. Engro Chemical Pakistan Limited
2. Fauji Fertilizer Company Limited
3. Fauji Fertilizer Bin Qasim Limited
4. Habib Bank Limited
5. National Bank of Pakistan
6. Oil and Gas Development Company Limited
7. Pakistan Oilfields Limited
8. Pakistan Petroleum Limited
9. The Hub Power Company Limited
10. Pak Suzuki Motors Company Limited

(Note: The holdings are stated in alphabetical order)

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HBL ASSET MANAGEMENT