

HBL Income Fund

Fund Manager's Report February 2010

Investment Objective:

The objective of the 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
Category	Income Fund (not categorized as per SECP categorization)
Launch Date	March 15, 2007
Net Assets	PKR 1.819 billion
NAV	PKR 99.90
Benchmark	1 M KIBOR
Dealing Days	Monday - Saturday
Cut-off Time	9:00-15:00 (Mon-Fri) 9:00-12:00 (Sat)
Pricing Mechanism	Forward pricing
Management Fee	1.50 % per annum
Front End /Back End Load	NIL / NIL
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 (JCRVIS & Co.)
Fund Stability Rating	A (f) (JCRVIS & Co.)
Risk Profile of the Fund	Moderate
Members of Investment Committee:	<ul style="list-style-type: none"> • Mr. Shahid Ghaffar • Mr. Rehan N. Shaikh • Mr. Amir Khan • Mr. Umar Farooq • Mr. Noman Qurban

Asset Allocation (% of Total Assets)

	Feb 10	Jan 10
Cash	2.16%	1.87%
T-bills	30.23%	36.56%
PIBs	1.32%	1.20%
Tern Finance Certificates	62.86%	56.34%
Others	3.43%	4.03%
Leverage	Nil	Nil

Top Ten TFC Holdings/Sukuk (% of Total Assets)

Pakistan Mobile Com.Ltd 3-Years	10.11 %	Worldcall Telecom Limited	6.10%
Engro Chemical Perpetual I	9.86%	Faysal Bank Limited	3.34%
UBL IV	8.62%	Engro Chemical Perpetual II	1.62%
NIB Bank Limited	8.44%	Al-Abbas Sugar Mills Limited	1.48%
Orix Leasing Pakistan Limited.	6.41%	Maple Leaf Sukuk	1.44%

Weighted Average time to maturity 2.82 Years

Fund Returns

	HBL IF	BM*
Year to Date (YTD)	13.38%	12.49%
Trailing 12-Month (Mar09 – Feb 10)	14.31%	12.64%

* 1 M KIBOR

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Fund Manager's Commentary

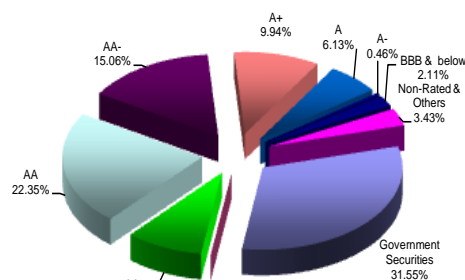
Inter bank market for the month of February 2010 traded close to the discount rate of 12.50% resulting in a slight increase in KIBOR rates.

State Bank of Pakistan conducted two fortnightly T-bill auctions during the month of February 2010 with a combined auction target of PKR 180 billion. SBP auctioned a total of PKR 180.36 billion worth of T-Bills against a total participation of PKR 244.00 billion. Highest participation was witnessed in the 12 month T-bills with a total participation of PKR 118.65 billion. Heavy participation was also witnessed in the 6 month T-bills with a total participation of 73.04 billion where as the participation in the 3 months tenor remained the lowest with a total participation of PKR 53.19 billion. Increasing trend in cut off rates was witnessed due to the tight monetary conditions and State Bank of Pakistan's stance on continuation of tight monetary policy. The cut off rates for 3-month T-bills increased by a total of 32 bps to 12.1954% where as the cut off rates for 6 & 12 months T-bills increased by 38 & 33 bps to 12.2803 % and 12.3429% respectively.

1-Month KIBOR for the month of February started off at 12.33% and closed at 12.41% with a maximum of 12.51% and a minimum of 12.30% The average 1-Month KIBOR increased by 5 basis points to 12.41% as compared to 12.36% in January 2010.

Trading activity in the TFC market remained moderate with most of the activity in banking and fertilizer sectors. Fund's exposure in TFCs increased from 56.34% to 62.86% of the Fund size. This increase is due to the decrease in Fund size and change in market valuation of some TFCs.

Asset Quality of Portfolio (% of Total Assets)



HBL Asset Management

HBL Multi Asset Fund

Fund Manager's Report
February 2010

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 Information :

Fund Type	Open-end
Category	Balanced Fund (Not categorized as per SECP categorization)
Launch Date	December 14, 2007
Net Assets	PKR 363.83 million
NAV	PKR 96.69
Benchmark	50% KSE-100 Index and 50% 1 Month KIBOR
Dealing Days	Monday - Friday
Cut-off Time	9:00 AM - 3:00 PM
Pricing Mechanism	Forward pricing
Management Fee	2.0 % per annum
Front End / Back End load	2.0% / Nil
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 (JCR-VIS Credit Rating Limited)
Risk Profile of the Fund	Moderate / High
Members of Investment Committee:	<ul style="list-style-type: none"> • Mr. Shahid Ghaffar • Mr. Rehan N. Shaikh • Mr. Amir Khan • Mr. Umar Farooq • Mr. Noman Qurban

Asset Allocation (% of Total Assets)

	Feb 10	Jan 10
Cash	15.21%	13.22%
Equity Shares	55.77%	56.89%
TFCs	26.54%	25.82%
Others	2.48%	4.07%
Leverage	Nil	Nil

Sector Allocation (% of Total Assets)

	Feb 10
Oil & Gas	21.42%
Chemicals	12.18%
Banks	11.78%
Electricity	5.63%
Pharma & Bio Tech	1.18%
Others	3.58%

Fund Returns

	MAF	BM*
Year to Date (YTD)	19.46%	23.69%
Trailing 12-Month	34.73%	40.25%

* 50% KSE-100 Index and 50% 1 Month KIBOR

Fund Manager's Commentary

The month started with a positive sentiment and KSE 100 Index remained generally bullish in the first nine sessions of the month. The market attempted thrice but failed to cross the 10,000 index level barrier. After facing resistance around 9,978 for three consecutive days due to news flow on the political front and imposition of capital gain tax, index failed to close above this critical level and started to decline. The KSE100 index then declined close to the low of 9,557.52 it touched on February 03, 2010. However strong intraday recovery was witnessed and finally the month closed at 9,658 with a minor gain of 0.45%.

The average trading volume for Feb 10 decreased by 12.61% to 163.58 million shares compared to 187.17 million shares in Jan 10. Towards the month the KSE 100 index witnessed a declining trend and volumes also gradually declined.

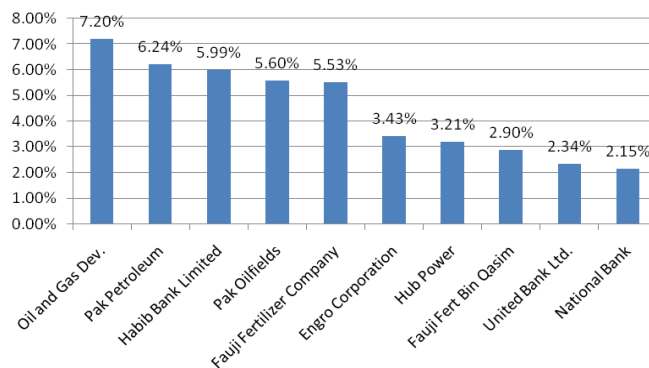
Inter bank market for the month of February 2010 traded close to the discount rate of 12.50% resulting in a slight increase in KIBOR rates.

1-Month KIBOR for the month of February started off at 12.33% and closed at 12.41% with a maximum of 12.51% and a minimum of 12.30%. The average 1-Month KIBOR increased by 5 basis points to 12.41% as compared to 12.36% in January 2010.

Trading activity in the TFC market remained moderate with most of the activity in banking and fertilizer sectors.

Your fund was invested to the extent of 55.77% in equities, 26.54% in TFCs and 15.21% in cash.

Stock Allocation – Top Ten Holdings % of Total Assets



HBL Asset Management

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HBL Stock Fund

Fund Manager's Report February 2010

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 investment.

Fund Information :

Fund Type	Open-end
Category	Stock Fund (Not categorized as per SECP categorization)
Launch Date	August 27, 2007
Net Assets	PKR 1.748 billion
NAV	PKR 95.12
Benchmark	KSE-100 Index
Dealing Days	Monday-Friday
Cut-off Time	9:00 AM - 3:00 PM
Pricing Mechanism	Forward pricing
Management Fee	3.0 % per annum
Front End / Back End load	2.5% / Nil
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 (ICR-VIS Credit Rating Limited)
Risk Profile of the Fund	High
Members of Investment Committee:	<ul style="list-style-type: none"> • Mr. Shahid Ghaffar • Mr. Rehan N. Shaikh • Mr. Amir Khan • Mr. Umar Farooq • Mr. Noman Qurban

Asset Allocation (% of Total Assets)

	Feb 10	Jan 10
Cash	4.96%	2.95%
T-Bills	13.41%	13.36%
Equity Shares	79.33%	80.87%
TFCs	1.22%	2.05%
Others	1.08%	0.77%
Leverage	Nil	Nil

Sector Allocation (% of Total Assets)

	Feb 10
Oil & Gas	30.51%
Chemicals	17.51%
Banks	15.06%
Electricity	7.39%
Fixed Line Telecommunication	1.60%
Others	7.26%

Fund Returns

	HBL SF	BM*
Year to Date (YTD)	24.86%	34.84%
Trailing 12-Month	46.87%	67.86%

* KSE 100- Index

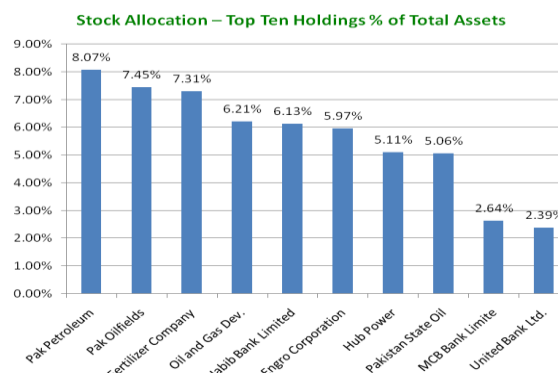
Fund Manager's Commentary

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The average trading volume for Feb 10 decreased by 12.61% to 163.58 million shares compared to 187.17 million shares in Jan 10. Towards the month the KSE 100 index witnessed a declining trend and volumes also gradually declined.

Imposition of capital gain tax on equity investment along with increase in cut off yield of T-Bills are the main reasons behind dull market activity in this month. Govt finally imposed 10% and 7.5% capital gain tax on an investment of less than 6 months and 12 months respectively from 1 July of 2010. There will be no capital gain tax on any investment over the period of 1 year. Moreover, State Bank of Pakistan increased the cut off yield of 6 months T-Bills by 23 bps in its last auction. Added to the woes was a resignation of Finance Minister, Shaukat Tarin and uncertainty over the issue that who will now hold this key position.

Your fund was invested to the extent of 79.33% in equities, 13.41% in T-bills, 4.96% in cash and 2.30% in TFCs and others.



HBL Asset Management

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