

## HBL Income Fund

**Fund Manager's Report  
October 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 103.10

Fund Manager M. Amir Khan

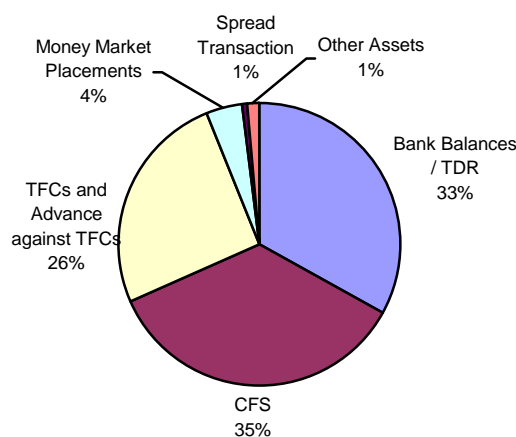
Fund Size: PKR 7.0 billion

### Fund Return:

October 2007	9.09%
September 2007	8.05% *

\* 29 days annualized return as NAV was not published on Sunday, Sept. 30, 2007.

### **Asset Allocation as on Oct 31, 2007**



### Fund Manager's Commentary

The Repo market was tight as banks were going to the SBP discount window for meeting their liquidity requirement. However the TDR rates remained stable. The average 1 month KIBOR rate was 9.79% in October 2007 as against 9.55% in September 2007.

Due to bullish trend in the stock market, the demand for CFS increased which helped CFS rates inching up to 11.19% in October 2007 as against an average rate of 10.60% in September 2007. The Fund took advantage of the higher CFS rates and increased its exposure in CFS to PKR 2.5 billion or 35% of the total assets as against 23% in September 2007. The exposure of the Fund in the TFCs & advance against TFCs increased from PKR 1.7 billion in September 2007 to PKR 1.8 billion, showing an increase of 8%. A sum of PKR 400 million or 6% of the total assets was invested in the spread transactions, money market and other instruments. The bank/term deposits reduced from PKR 3.4 billion in September 2007 to PKR 2.3 billion in October 2007.

The surplus liquidity has yet to be absorbed in spite of tight monetary policy. The interest rates are expected to remain stable in the short run.

The Fund size increased to PKR 7 billion from PKR 6.5 billion in the last month.

**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.

## HBL Stock Fund

**Fund Manager's Report  
October 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 107.36

Fund Manager M. Amir Khan

Fund Size: PKR 960 million

### Fund Manager's Commentary

The stock market moved both ways during the month under review. The KSE100 index moved upward from 13,352 points on 1<sup>st</sup> October 2007 to its highest level of 14,788 points on 19<sup>th</sup> October 2007, thereby showing an appreciation of 10.75%. Thereafter, the index moved both ways but mostly on the bearish side and closed at 14,319 on 31<sup>st</sup> October 2007, down by 3.17% from its peak level.

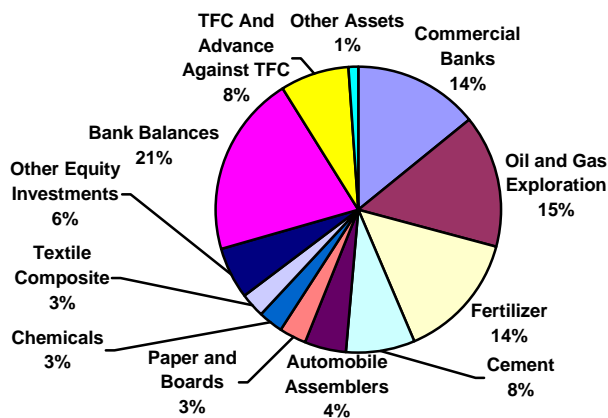
By the end of the month, the Fund was invested to the extent of 70% in equities. The Fund exposure was increased in Fertilizer, Oil and Gas Exploration, Automobile Assemblers, Paper and Board, Chemicals and Textile Composite among others. While exposure in commercial banks was reduced.

#### Top Equity Holdings:

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

The Fund would continue to be vigilant to market happenings and its efforts to build a quality portfolio to ensure long term growth for the Unit Holders.

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



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**HBL ASSET MANAGEMENT**