

## HBL Income Fund

Fund Manager's Report  
October 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 101.32

### Fund Manager

M. Amir Khan

### Fund Size:

PKR 3.06 billion

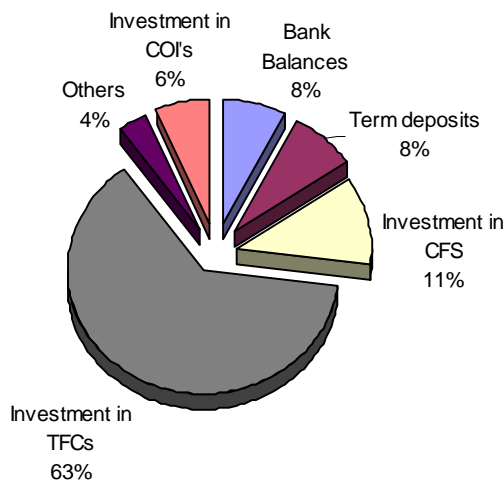
### Benchmark

1 Month Kibor

### Fund Return:

October 2008	15.16%
Last 3 Months Average	12.79%
Year to Date	12.00%

Asset Allocation as on October 2008



### Fund Manager's Commentary

Fixed income market experienced severe liquidity shortage from the beginning of the month with overnight call money rates rising as high as 40%. SBP took several steps to improve the liquidity crunch including CRR (Cash Reserve Requirement) reduction from 9% to 5%, changing the Advances and Deposits calculation for ADR (Advance to Deposit Ratio) and permitting banks to avail discounting facility against PIBs classified as HTM (Held to Maturity). Despite steps taken by SBP, 1-Month average KIBOR increased to 14.26% in October 2008 from 13.79% in September 2008.

The decision by SECP/KSE to keep the floor of KSE100 index at 9,145 points continued for the whole month of October 2008. As a result CFS rate was pushed up and average CFS rate shot up to 50.87% in October 2008 as compared to 20.24% in September 2008. Moreover, on October 14, 2008 SECP extended all outstanding CFS MKII positions (effective from October 09, 2008) to 44 working days instead of 22 working days as per existing regulations. The overall CFS value reduced from Rs.15.1 billion at the end of September 2008 to Rs.11.52 billion at the end of October 2008.

Cutoff rate for 3 months T-bill remained unchanged at 12.56% on October 23, 2008 while cutoff for 6 months T-bill decreased to 12.66% from 11.68%. 12 months bill cutoff rate also increased to 12.78%.

The annualized return of your Fund for the month of October 2008 increased to 15.16% as against 12.22% in September 2008. The Fund under management declined to Rs.3.06 billion on October 31, 2008 from Rs.4.46 billion as on September 30, 2008 due to redemptions. On October 07, 2008 SECP directed the mutual fund industry to suspend pricing, issuance and redemption of units of Open-end Schemes with direct exposure to equity securities. Although this directive does not apply to fixed income open end funds, this action resulted in mounting pressure of redemptions on open-end income funds.

No major activity was witnessed in Corporate Bond/TFCs market. During the month under review your fund decreased its exposure in CFS. The percentage of TFCs investment in the portfolio increased due to overall reduction in fund size.

TFC Rating		Bank Rating (TDR/Deposits)		Entity Rating (COIs/CPs/MM)	
Rating	% of Total	Rating	% of Total	Rating	% of Total
AA+	10	AAA	43	AA	100
AA	62	AA+	4		
AA-	7	AA	52		
A+	13	A	1		
A	4				
A-	2				
BBB+	2				
<b>Total</b>	<b>100</b>		<b>100</b>		<b>100</b>

**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 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 78.59 (As on October 06, 2008)

### Fund Manager

M. Amir Khan

### Fund Size:

PKR 1.478 billion

### Fund Return:

Benchmark

KSE-100 Index

### Fund Manager's Commentary

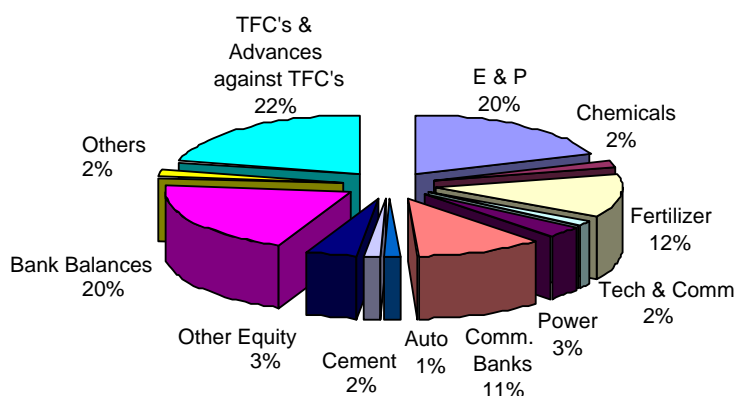
The KSE remained floored at 9,145 points level for entire month which led to record low activity due to lack of investor confidence.

Out of 19 trading sessions during the month, the market remained unchanged in 5 trading sessions at a level of 9,184.24 points, and in 6 trading sessions at a level of 9,182.88 points. The market moved marginally around these two levels in the remaining trading sessions. The floor on the stock prices caused investors to remain sidelined.

On October 07, 2008, SECP directed the mutual fund industry to suspend pricing, issuance and redemption of units of Open-end Schemes with direct exposure to equity securities until the 3<sup>rd</sup> day of removal of the floor. Therefore, the publication of NAV has been suspended ever since.

Your fund remained invested to the extent of 56% in equities, 22% in TFC's, 20% in bank balances and 2% in other investments.

### Asset Allocation as on October 31st, 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  
October 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 84.76 (As of 6 <sup>th</sup> October, 08)

### Fund Manager

M. Amir Khan

### Fund Size:

PKR 631 million

### Fund Manager's Commentary

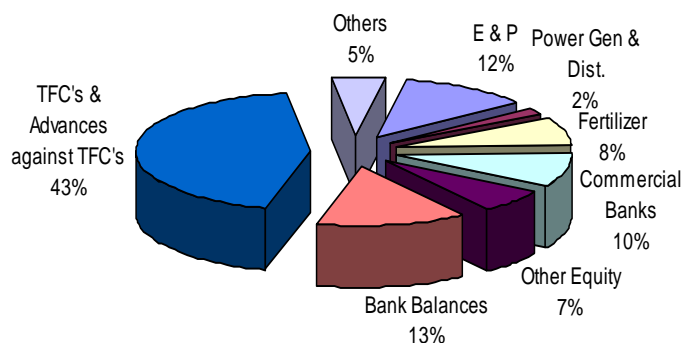
Fixed income market experienced severe liquidity shortage from the beginning of the month with overnight call money rates rising as high as 40%. SBP took several steps to improve the liquidity crunch including CRR (Cash Reserve Requirement) reduction from 9% to 5%, changing the Advances and Deposits calculation for ADR (Advance to Deposit Ratio) and permitting banks to avail discounting facility against PIBs classified as HTM (Held to Maturity). Despite steps taken by SBP, 1-Month average KIBOR increased to 14.26% in October 2008 from 13.79% in September 2008.

Out of 19 trading sessions during the month, the market remained unchanged in 5 trading sessions at a level of 9,184.24 points, and in 6 trading sessions at a level of 9,182.88 points. The market moved marginally around these two levels in the remaining trading sessions. The floor on the stock prices caused investors to remain sidelined.

On October 07, 2008, SECP directed the mutual fund industry to suspend pricing, issuance and redemption of units of Open-end Schemes with direct exposure to equity securities until the 3rd day of removal of the floor. Therefore, the publication of NAV has been suspended ever since.

The fund size was Rs.631 million as on October 31, 2008. Your fund was invested to the extent of 39% in equities, 43% in TFC's, 13% in cash and 5% in others.

**Asset Allocation As On October 31, 2008**



### 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. United Bank Limited

(Note: The holdings are stated in alphabetical order)

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