

## HBL Income Fund

## Fund Manager's Report October 2009

### 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 2.74 billion
NAV	PKR 96.68
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
Sales load Front End/Back End	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"> <li>• Mr. Shahid Ghaffar</li> <li>• Mr. Rehan N. Shaikh</li> <li>• Mr. Amir Khan</li> <li>• Mr. Umar Farooq</li> <li>• Mr. Noman Qurban</li> </ul>

### Asset Allocation (% of Total Assets)

	Oct 09	Sep 09
Cash	0.15%	6.49%
Term Deposits with Banks	6.56%	4.29%
T-bills	47.05%	34.06%
PIBs	0.88%	1.04%
Term Finance Certificates	43.24%	51.18%
Others	2.12%	2.94%
Leverage	Nil	Nil

### Top Ten TFC Holdings (% of Total Assets)

Engro Chemical Perpetual I	7.08%	Worldcall Telecom Limited	3.66%
Pakistan Mobile Com.Ltd 3-Years	6.86%	Faysal Bank Limited	2.19%
UBL IV	5.62%	Engro Chemical Perpetual II	1.16%
NIB Bank Ltd.	5.58%	Maple Leaf Cement Factory	1.15%
Orix Leasing Pakistan Limited.	4.85%	Al-Abbas Sugar Mills Limited	1.10%

Weighted Average time to maturity 2.18 Years

### Fund Returns

	HBLIF	BM*
Year to Date (YTD)	16.53%	12.51%
Trailing 12-Month (Oct 08 – Sep 09)	9.23%	13.19%

\*1 M KIBOR

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### Fund Manager's Commentary

The Money Market remained mostly short on liquidity for the month of October, 2009. State Bank of Pakistan conducted frequent open market operations to inject liquidity in the market.

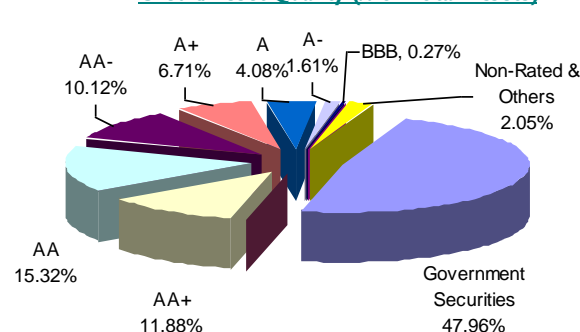
SBP conducted its fortnightly T-Bill auction on 8th Oct 2009; participation of PKR 76 billion at high yields was witnessed against a target of PKR 30 billion. SBP however auctioned a total of PKR 22.9 billion worth of T-Bills. Cut off Rates for 12 month T-bills were increased by 7 bps to 12.5384, whereas the cut off rates for 3-months T-bill were reduced by 7 bps to 12.4929. Cut off rates for 6 month T-Bills remained unchanged. The second auction during the month was conducted on 22nd Oct 2009, and a total pre-cipitation of PKR 62 billion was witnessed against the auction target of PKR 25 billion. SBP auctioned PKR 24.2 billion worth of T-bills. Cut off rates in the 3 month tenor increased by 5 bps to 12.5429 where as the cut off rates for 3 and 6 month T-bills remained unchanged.

KIBOR showed an increasing trend during the month as 1-Month KIBOR started off at 12.74% and closed at 12.80%. The average 1-Month KIBOR increased by 7 basis points to 12.80% in October 2009 compared to 12.73% in September 2009

TFC prices on selective securities showed increase, however the trading activity remained dull throughout the month.

Funds exposure in TFC reduced from 51.18% to 43.24% of the Fund size, a decline of around 8%. This decrease was mainly due to increase in fund size from fresh investments and some divestment of TFCs.

### Credit/Asset Quality (% of Total Assets)



**HBL ASSET MANAGEMENT**

## HBL Multi Asset Fund

## Fund Manager's Report October 2009

### 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 628.076 million
NAV	PKR 94.34
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 (ICR-VIS Credit Rating Limited)
Risk Profile of the Fund	Moderate / High
Members of Investment Committee:	<ul style="list-style-type: none"> <li>• Mr. Shahid Ghaffar</li> <li>• Mr. Rehan N. Shaikh</li> <li>• Mr. Amir Khan</li> <li>• Mr. Umar Farooq</li> <li>• Mr. Noman Qurban</li> </ul>

### Asset Allocation (% of Total Assets)

	Oct 09	Sep 09
Cash	2.34%	3.46%
Equity Shares	50.48%	49.12%
TFCs	28.89%	27.66%
PIBs	3.77%	3.84%
T-Bills	11.43%	11.53%
Others	3.09%	4.39%

Leverage	Nil	Nil
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### Sector Allocation (% of Total Assets)

	Oct 09
Oil & Gas Exploration	20.86%
Fertilizer	10.80%
Commercial Banks	8.81%
Power Generation & Distribution	3.80%
Cement	1.41%
Others	4.79%

### Fund Returns

	MAF	BM*
Year to Date (YTD)	15.16%	20.20%
Trailing 12-Month (Oct 08 – Sep 09)	10.23%	7.41%

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

### Fund Manager's Commentary

The Money Market remained mostly short on liquidity for the month of October, 2009. State Bank of Pakistan conducted frequent open market operations to inject liquidity in the market.

KIBOR showed an increasing trend during the month as 1-Month KIBOR started off at 12.74% and closed at 12.80%. The average 1-Month KIBOR increased by 7 basis points to 12.80% in October 2009 compared to 12.73% in September 2009

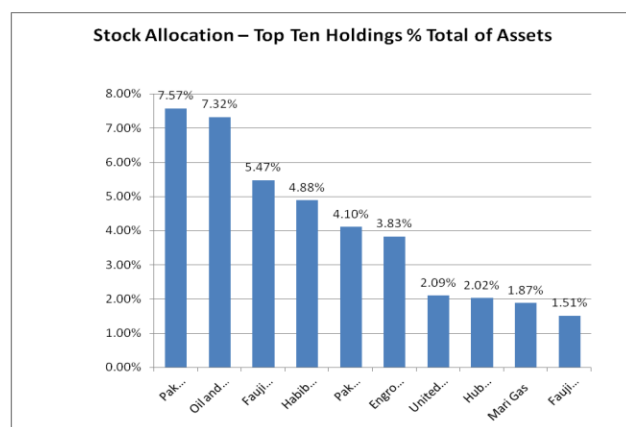
TFC prices on selective securities showed increase, however the trading activity remained dull throughout the month.

Funds exposure in TFC reduced from 51.18% to 43.24% of the Fund size, a decline of around 8%. This decrease was mainly due to increase in fund size from fresh investments and some divestment of TFCs.

KSE 100 index remained volatile throughout the month. Starting at 9,349 points it closed at 9,159 points after making high of 9,978 and low of 8,971. The volatility was a result of sharp movement in the shares triggered by various events including, Waziristan operation, terrorist attacks & various news on the economic & political fronts. The foreign investment inflow in the equity market also declined from \$128.34 million in Sep 09 to \$ 38.34 million in Oct 09. The average daily trading volume also decreased by 16.25% to 214.9 million compared to 256.6 million shares during September 09.

Decline in CPI on Y/Y basis, lower trade deficit, record high remittance and increasing reserves were the positive news on economic front. As per Central Bank reported figures, CPI increased by 10.12% in Sept on YoY basis, which is the lowest increase since December 2007. The MoM trend also witnessed tamed inflation numbers down to 0.45%, compared to 1.7% reported in the previous month. Remittance in the 1<sup>st</sup> quarter FY10 stood at around \$ 2.3 billion, up 24% on Y/Y basis which coupled with lower trade deficit (down to \$ 3.09 billion in 1QFY10, compared to \$ 4.40 billion in the same period last year) and higher reserve level (\$14.49 billion) is expected to keep Foreign & local investor interest alive.

There are challenges ahead in the backdrop of Waziristan operation, keeping inflation close to FY10 target of approximately 10% and achieving economic target set in the Budget 2009-10.



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## HBL Stock Fund

Fund Manager's Report  
October 2009

### 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 1.667 billion
NAV	PKR 90.98
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 - (JCR-VIS Credit Rating Limited)
Risk Profile of the Fund	High
Members of Investment Committee:	<ul style="list-style-type: none"> <li>• Mr. Shahid Ghaffar</li> <li>• Mr. Rehan N. Shaikh</li> <li>• Mr. Amir Khan</li> <li>• Mr. Umar Farooq</li> <li>• Mr. Noman Qurban</li> </ul>

<u>Asset Allocation (% of Total Assets)</u>	<u>Oct 09</u>	<u>Sep 09</u>
Cash	0.46%	0.74%
Term Deposits	0.00%	0.00%
T-Bills	18.35%	22.42%
Equity Shares	77.64%	71.77%
TFCs	2.23%	2.12%
Others	1.32%	2.95%
Leverage	Nil	Nil

<u>Sector Allocation (% of Total Assets)</u>	<u>Oct 09</u>
Oil & Gas Exploration	22.92%
Fertilizer	15.75%
Commercial Banks	14.12%
Power Generation & Distribution	6.83%
Oil & Gas Marketing	4.31%
Others	13.71%

<u>Fund Returns</u>	<u>HBL SF</u>	<u>BM*</u>
Year to Date (YTD)	19.43%	27.88 %
Trailing 12-Month (Oct 08 – Sep 09)	17.76%	1.82%

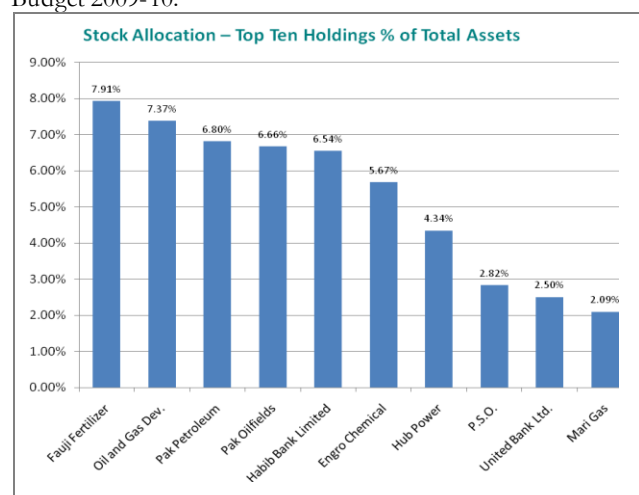
\* KSE 100- Index

### Fund Manager's Commentary

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**HBL ASSET MANAGEMENT**

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