

HBL Income Fund

**Fund Manager's Report
September 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 102.29

Fund Manager Mr. Amir Khan

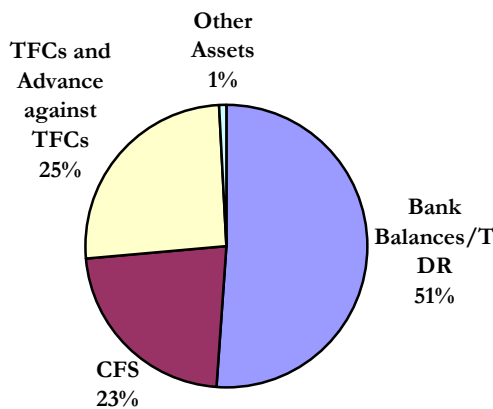
Fund Size: PKR 6.5 billion

Fund Return:

September 2007	8.05% *
August 2007	8.75%

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

Asset Allocation as on Sept 30, 2007



Fund Manager's Commentary

Liquidity remained in the system as no major outflow was witnessed during the month of September 2007. Foreign Exchange reserves increased from US \$16.078 billion on August 31, 2007 to 16.104 on September 21, 2007. Six months KIBOR decreased from 10.09% in August 2007 to 9.97% during the month of September 2007. CFS rates after hitting the lowest level of 10.24% on September 11, 2007 started increasing toward the end of September 2007. The increase in CFS rates can be attributed to short term liquidity crunch in the inter-bank market as on a few occasions some banks were forced to use SBP discounting window. The banks however continued to reduce deposit rates on regular basis.

We have continued to increase our exposure in TFCs and Advance against TFCs. As a result the fund's investment in TFCs and Advance against TFCs increased from Rs. 898.1 million (15%) in August 2007 to Rs. 1,664 million (25%) in September 2007. Exposure in CFS was increased from 20% to 23% to take advantage of improved rates. The exposure in Bank Deposits/TDR was reduced to 51% from 62% owing to better opportunities in TFCs and CFS market. The size of Fund increased from Rs. 6.1 billion in August 2007 to Rs. 6.5 billion in September 2007.

With our asset allocation readjustment, we view the fund with a positive stance in the coming months.

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
September 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 %
Min. Investment Amount	PKR 5,000
Management Fee	3.0% per annum
NAV per Unit	PKR 102.29

Fund Manager Mr. Amir Khan

Fund Size: PKR 949 million

Fund Manager's Commentary

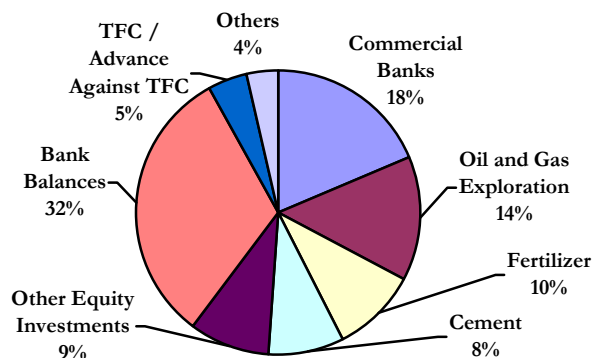
By the Grace of Allah, we have successfully launched HBL-Stock Fund (HBL-SF), our first open end equity fund, in August 2007. The fund was offered for Initial Public Offering (IPO) on August 29, 2007 to August 31, 2007. A sum of Rs 669.6 million was received from core investors, pre-IPO and IPO investors. The fund size has grown to Rs. 949 million as on September 30, 2007.

The stock market gained a positive momentum after a downward trajectory which was observed in the last couple of months: the KSE100 index was up by 9.3% in September 2007 against a fall of 11.1% in August 2007. The KSE100 Index which was 12,214 points as on August 31, 2007 remained bullish throughout the month and closed at 13,353 points. The banking, oil and gas exploration, fertilizer and cement sectors were the main drivers of the bullishness. However, investors continued to stay at tangent yet for another month as average daily volumes remained suppressed at 202 million shares in September 2007 compared to 250 million shares in July-September 2007 period.

We have steadily built our portfolio in the out going month and had invested 59% by the end of September 2007. The fund has made investments mainly in Banking, Oil and Gas Exploration, Cement and Fertilizer sectors.

Going forward, we will continue to build a quality portfolio based on strong fundamentals to achieve the investment objective of HBL Stock Fund.

Asset Allocation as on Sept 30, 2007



HBL ASSET MANAGEMENT

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