



ASSET MANAGEMENT

ايسيت مينجمنت

AMC Rating : AM2- by JCR-VIS

## FUND MANAGER'S REPORT (Islamic Funds)

August 2015

**Disclaimer:** Past results are not indicative of future performance. This report should not be considered an offer to buy or sell, or solicitation. The information contained herein has been compiled from sources believed to be reliable. This information is being circulated for information purposes only and may not be copied or distributed to any other person without the prior written permission of HBL Asset Management Co.

### Fund Manager's Commentary

31-Aug-15

For the month of Aug 2015, HBL Islamic Money Market Fund generated an annualized return of 4.47% against the benchmark return of 5.66%. The Fund continued to maintain its major exposure in Cash & equivalents.

### Investment Objective

The objective of HBL Islamic Money Market Fund is to seek high liquidity, competitive return and maximum possible preservation of capital for investors by investment in low risk Shariah Compliant securities

### Investment Features

Easy encashability  
Optimum returns  
No front end and back end load

### Fund Facts

Net Assets	Rs. 468.675 million (31-August-15)
NAV	PKR 101.1627*
Launch Date	10-May-11
Management Fee	1% p.a
Listing	Lahore Stock Exchange
Trustee	Central Depository Co. of Pakistan
Auditor	KPMG Taseer Hadi & Co.
Benchmark	3-Month Deposit Rate
Type	Open End
Category	Islamic Money Market Scheme
Front end Load	Nil
Back end Load	Nil
AMC Rating	AM2- ( by JCRVIS)
Dealing Days	Monday-Friday
Cut off time	9:00 AM-3:00 PM (Mon-Fri)
Price Mechanism	Forward Pricing
Fund Stability Rating	N/A
Leverage	Nil

Investment Committee

Rehan N. Shaikh, Amir Khan

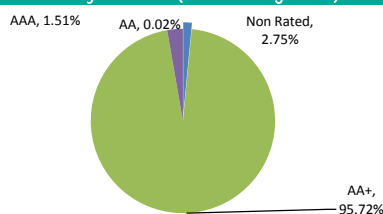
Naseer Ladhani, Fahad Aziz

### Provision against WWF liability

\* The scheme has maintained provisions against Worker Welfare Fund's liability to the tune of PKR 2.802 mn if the same were not made, the NAV per unit/return would be higher by Rs. 0.60/0.59%.

Weighted Average time to Maturity 1 Day

### Asset Quality Portfolio (As at 31-August-15)

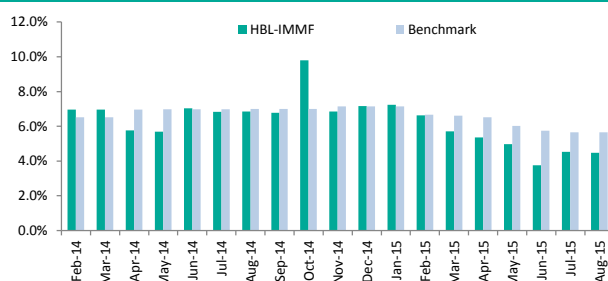


### Fund Returns (%)

	HBL-IMMF*	Benchmark
Annualized Return Since Inception	9.15%	6.93%
Year to Date Annualized Return	4.50%	5.66%
Calendar Year to Date Annualized Return	5.41%	6.25%
1 Month Annualized Return	4.47%	5.66%
3 Month Annualized Return	4.27%	5.69%
6 Month Annualized Return	4.85%	6.04%
1 Year Annualized Return	6.28%	6.52%
Daily Average Return (Since Inception)	0.03%	0.02%
Standard Deviation (Since Inception)	0.03%	0.00%
Annualized Return FY-15	6.70%	6.75%
Annualized Return FY-14	6.86%	6.62%
Annualized Return FY-13	8.45%	6.89%
Annualized Return FY-12	10.34%	7.41%
Annualized Return FY-11	n/a	n/a

\* Returns have been calculated as per MUFAP's formula

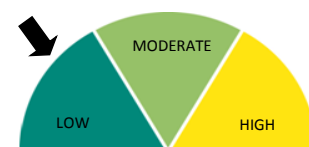
### HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



### Asset Allocation (% of Total Assets)

	Aug'15	Jul'15
Cash	97.25%	97.79%
Govt Securities (Ijara Sukuk)	0.00%	0.00%
Others Including receivables	2.75%	2.21%
Term Deposit Receipts	0.00%	0.00%

### Risk Level (Low)



MUFAP's Recommended Format

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**Fund Manager's Commentary**

31-Aug-15

HBL Islamic Stock Fund: During the month of Aug'15, the fund posted a return -1.11% vs. benchmark return of -1.23%. During the month, the market witnessed mixed news flow where macroeconomic developments were generally on track with successful completion of 8th IMF review and a new 2015-19 country assistance program from ADB of USD 1.2bn p.a., hence, market hitting a new all-time level of 36,228 points but political noise rose on MCM resignations and arrest warrants issued for key PPP leaders. Further pressure on the local bourse was exerted by foreign selling (holding 35% of free-float) owing to heavy sell-off in the global markets following steep currency devaluations in Asia (sparked off by China's decision to devalue Yuan in order to stimulate exports and boost economic growth). Going forward, we expect the market to remain volatile in the absence of any major triggers and intend to do some exposure-reduction & sector-switching. With Aug'15 CPI inflation clocking in at 1.72% YoY and cumulative 2MFY16 CPI registering 1.76% YoY growth, there seems to be enough room for a policy rate cut in the MPS due in Sep'15 which can restore investor confidence.

**Investment Objective**

The objective of HBL Islamic Stock fund is to achieve long-term capital growth by investing mainly in Shariah Compliant Equity securities

**Investment Features**

- Easy encashability
- Diversified Islamic Equity Portfolio
- No exit load

**Fund Facts**

Net Assets	Rs. 813.223 million (31-Aug-15)
NAV	PKR 128.4677*
Launch Date	10-May-11
Management Fee	2% p.a
Listing	Lahore Stock Exchange
Trustee	Central Depository Co. of Pakistan
Auditor	KPMG Taseer Hadi & Co.
Benchmark	KMI 30 Index
Type	Open End
Category	Equity Scheme
Front end Load	2.0%
Back end Load	Nil
AMC Rating	AM2- (by JCRVIS)
Dealing Days	Monday-Friday
Cut off time	9:00 AM-3:00 PM (Mon-Fri)
Price Mechanism	Forward Pricing
Leverage	Nil
Investment Committee	
Rehan N. Shaikh, Amir Khan, Samia Aslam, CFA	
Naseer Ladhani	

**Provision against WWF liability**

\* The scheme has maintained provisions against Worker Welfare Fund's liability to the tune of PKR 8,273 mn if the same were not made, the NAV per unit/return would be higher by Rs. 1.31/1.02%.

**Sector Allocation (% of Total Assets)**

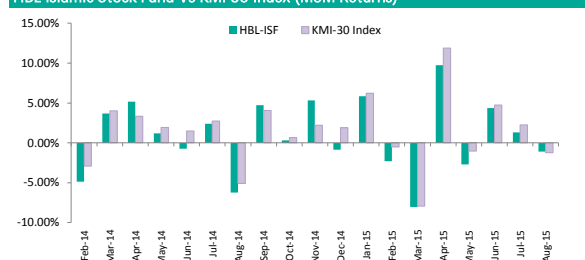
	Aug'15	Jul'15
Cable & Electrical Goods	5.58%	5.45%
Power Generation & Dist.	15.29%	15.45%
Others	16.57%	18.13%
Construction and materials	20.52%	19.90%
Food & Personal Care Products	3.40%	5.02%
Automobile Assembler	7.32%	7.63%
Fertilizers	21.54%	19.44%

**Fund Returns (%)**

	HBL-ISF*	Benchmark
Cumulative Return Since Inception	122.52%	185.38%
Year to Date Return (Cumulative)	0.17%	0.98%
Calendar Year to Date Return (Cumulative)	6.15%	13.99%
1 Month Cumulative Return	-1.11%	-1.23%
3 Month Cumulative Return	4.51%	5.79%
6 Month Cumulative Return	2.65%	7.85%
1 Year Cumulative Return	16.43%	24.39%
Daily Average Return (Since Inception)	0.04%	0.10%
Standard Deviation (Since Inception)	1.28%	0.96%
Since Inception (CAGR)	20.38%	27.53%
Return FY-15	11.63%	20.10%
Return FY-14	30.17%	29.89%
Return FY-13	44.87%	54.41%
Return FY-12	16.52%	13.57%
Return FY-11	n/a	n/a

\* Returns have been calculated as per MUFAP's formula

**HBL Islamic Stock Fund Vs KMI 30 Index (MoM Returns)**

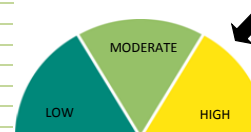


**Asset Allocation (% of Total Assets)**

	Aug'15	Jul'15
Cash	7.95%	7.80%
Stock/Equities	90.21%	91.03%
Others	1.84%	1.17%

**Top Ten Holding (31-Aug-15)**

Company	%	Risk Level (High)
Lucky Cement Limited	6.22%	
K-Electric	6.58%	
Engro Corporation Limited	6.40%	
Pak Elektron Ltd	5.58%	
Hub Power Company Limited	5.18%	
Engro Fertilizers Ltd	5.01%	
D G Khan Cement Company Ltd.	4.68%	
Fauji Fertilizer Bin Qasim	4.16%	
Hinopak Motors	3.92%	
Kot Addu Power Company	3.53%	



MUFAP's Recommended Format

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Fund Manager's Commentary

**DF:** The Fund maintained its exposure primarily in government securities at 79.22% of the fund size. The Fund's return for the month stood at 3.42% p.a

**MMF:** In Islamic Money Market Fund we continued to maintain the Fund exposure largely in government securities (GIS) up to 91.64% of the fund size. Return of the fund for the month under review stood at 3.83% p.a.

**SF:** During the month of Aug'15, the fund posted return of -0.15%. During the month, substantial pressure on the local bourse was exerted by foreign selling (holding 35% of free-float) owing to heavy sell-off in the global markets following steep currency devaluations in Asia (sparked off by China's decision to devalue Yuan in order to stimulate exports and boost economic growth). Going forward, we expect the market to remain volatile in the absence of any major triggers and intend to do some exposure-reduction & sector-switching. With Aug'15 CPI Inflation clocking in at 1.72% YoY and cumulative 2MFY16 CPI registering 1.76% YoY growth, there seems to be enough room for a policy rate cut in the MPS due in Sep'15 which can restore investor confidence.

Investment Objective

To provide a secure and Shariah compliant source of savings and regular income after retirement to the Participants

Investment Features

Hassle-free investment  
Competitive returns  
Flexible allocation schemes

Fund Facts

Launch Date	16-Dec-11
Management Fee	1.5% p.a
Trustee	Central Depository Co. of Pakistan
Auditor	KPMG Taseer Hadi & Co.
Type	Open End
Category	Shariah Compliant scheme
Front end Load	Max 3%
Back end Load	Nil
AMC Rating	AM2- ( by JCRVIS)
Dealing Days	Monday-Friday
Cut off time	9:00 AM-3:00 PM (Mon-Fri)
Price Mechanism	Forward Pricing
Investment Committee	
	Rehan N. Shaikh, Amir Khan, Samia Aslam, CFA
	Naseer Ladhani

Fund Size (million) as at 31-July-2015

Money Market	Debt	Equity
59.14	78.62	151.58
NAV (PKR)		
126.7783	127.9551	333.3855
Leverage	Nil	

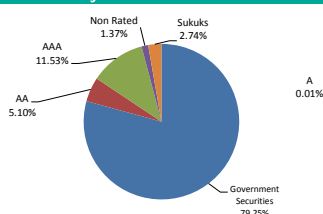
Fund Returns (%)

	Debt p.a	**Equity	MM p.a
Return Since Inception	7.44%	233.39%	7.13%
Year to Date Return	4.06%	1.72%	4.38%
Calendar Year to Date Return	6.10%	11.33%	6.79%
1 Month Return	3.42%	-0.15%	3.83%
3 Month Return	3.73%	6.61%	4.03%
6 Month Return	5.30%	5.48%	5.98%
1 Year Return	5.41%	35.01%	5.67%
Daily Average Return (Since Inception)	0.03%	0.13%	0.03%
Standard Deviation (Since Inception)	0.11%	0.98%	0.07%
Return FY-15	4.97%	25.92%	5.28%
Return FY-14	7.04%	44.41%	6.08%
Return FY-13	8.67%	50.30%	7.70%
Return FY-12	n/a	n/a	n/a
Return FY-11	n/a	n/a	n/a

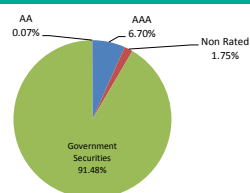
\* Returns have been calculated as per MUFAP's formula

\*\* Equity fund returns are cumulative

Credit Quality-Debt



Credit Quality-MMF



Provision against WWF Liability

\* The ESF, DSF and MSF of scheme has maintained provisions against Worker Welfare Fund's liability to the tune of PKR 1.397 mn, PKR 0.269 mn, and PKR 0.223 mn respectively. If the same were not made, the NAV per unit/return of ESF, DSF, and MSF would be higher by Rs. 3.07/1 %, Rs 0.4/0.34% and Rs 0.48/0.4% respectively.

Risk Level



Sector Allocation Equity

Sector Allocation Equity	%	Top 10 Equities	%
OIL & GAS MARKETING COMPANIES	3.08%	Thal Limited	6.16%
OIL & GAS EXPLORATION COMPANIES	5.37%	Pak Suzuki Motor Co. Ltd.	3.04%
FOOD AND PERSONAL CARE PRODUCTS	3.90%	PAKISTAN PETROLEUM LTD	4.47%
FERTILIZERS	26.03%	PIONEER CEMENT	3.04%
ELECTRICITY	7.93%	PAK ELECTRON	7.13%
CHEMICALS	5.92%	National Foods	3.90%
CEMENT	18.61%	MARIPS	0.16%
CABLE AND ELECTRICAL GOODS	7.13%	MARI PETROLEUM	0.74%
AUTOMOBILE PARTS & ACCESSORIES	6.16%	LUCKY CEMENT	4.58%
AUTOMOBILE ASSEMBLER	8.74%	K Electric	7.93%

Asset Allocation

	HBL Money Market		HBL Debt		HBL Equity		
	31-Aug-15	31-Jul-15	31-Aug-15	31-Jul-15	31-Aug-15	31-Jul-15	
Govt. Securities	91.64%	92.00%	79.22%	79.69%	92.88%	92.65%	
Others	1.75%	1.19%	1.37%	0.85%	0.29%	0.28%	
Cash	6.61%	6.81%	2.74%	2.74%	6.83%	7.08%	
			Cash	16.67%	16.72%		

Returns (%)*	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
HBL-IPF MMF*	5.67%	0.31%	2.96%	12.01%	5.66%	9.06%	7.71%	6.66%	3.26%	4.92%	3.83%
HBL-IPF Debt*	5.88%	1.29%	3.46%	10.53%	5.94%	8.47%	6.72%	5.09%	3.03%	4.69%	3.42%
HBL-IPF Equity**	6.96%	6.81%	1.44%	6.56%	-0.96%	-7.94%	11.20%	-3.35%	4.81%	1.88%	-0.15%

MUFAP's Recommended Format

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# HOW TO INVEST?

Invest as low as Rs. 1,000/= in our Islamic funds  
Rs. 500/= in our Islamic Pension funds

## Three Simple Steps to Invest:

1. Make payment through cheque / demand draft in favor of "CDC-Trustee HBL (Name of fund)"  
E.g: CDC-Trustee HBL Islamic Money Market Fund
2. Attach the documents as specified in the Account Opening Form
3. Submit the required documents along with payment at our Karachi office, Lahore Office or Islamabad Office

### Karachi Head Office Address

24-C, Khayaban-e-Hafiz, Phase VI,  
D.H.A, Karachi

Tel: (92-21) 111-425-262

Fax: (92-21) 35240634

### Lahore Office Address

102-103, Upper Mall,  
Lahore

Tel: (92-42) 36281610

Fax: (92-42) 36281686

### Islamabad Office Address

HBL Corporate Center, HBL  
Building, Jinnah Avenue, Islamabad

Tel: (92-51) 2821183

Fax: (92-51) 2822206