



ASSET MANAGEMENT

إيسيهيٲ مينجمنٲ

AMC Rating : AM2- by JCR-VIS

FUND MANAGER'S REPORT (Islamic Funds)

March 2016

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-Mar-16

During the month under review, HBL Islamic Money Market Fund generated an annualized return of 3.39% against the benchmark return of 5.35%. On Year to Date basis, the fund generated an annualized return of 4.56%. On the asset allocation side, the fund maintained its exposure in Cash due to unavailability of short term Ijara at attractive yields in the secondary market.

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

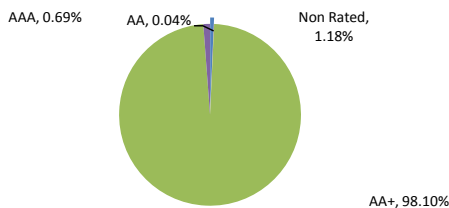
| | |
|----------------------------|------------------------------------|
| Net Assets | Rs. 479,549 million (31-Mar-16) |
| NAV | PKR 103.7648* |
| Launch Date | 10-May-11 |
| Management Fee | 1% p.a |
| Expense Ratio | 1.48% |
| Listing | Pakistan Stock Exchange |
| Trustee | Central Depository Co. 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 | |
| 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. 0.61/0.59%.

Weighted Average time to Maturity 1 Day

Asset Quality Portfolio (As at 31-Mar-16)

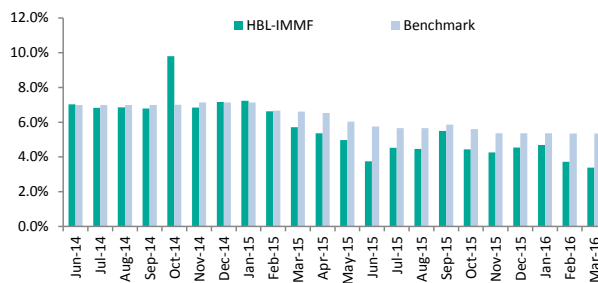


Fund Returns (%)

| | HBL-IMMF* | Benchmark |
|---|-----------|-----------|
| Annualized Return Since Inception | 8.80% | 6.76% |
| Year to Date Annualized Return | 4.46% | 5.51% |
| Calendar Year to Date Annualized Return | 3.95% | 5.36% |
| 1 Month Annualized Return | 3.39% | 5.35% |
| 3 Month Annualized Return | 3.95% | 5.36% |
| 6 Month Annualized Return | 4.21% | 5.40% |
| 1 Year Annualized Return | 4.56% | 5.66% |
| 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

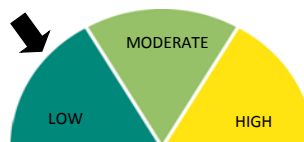
HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



Asset Allocation (% of Total Assets)

| | Mar'16 | Feb'16 |
|-------------------------------|--------|--------|
| Cash | 98.82% | 98.97% |
| Govt Securities (Ijara Sukuk) | 0.00% | 0.00% |
| Others Including receivables | 1.18% | 1.03% |
| Term Deposit Receipts | 0.00% | 0.00% |

Risk Level (Low)



MUFAP's Recommended Format

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Fund Manager's Commentary

During the month of Mar'16, the fund posted absolute return of 7.5% vs. benchmark KMI30 return of 8.3%. Exposure in equities stood at 93.0% of the Net Assets. Recovery in the stock market can be attributed to healthy macros (mainly receding inflation, approval of IMF tranche along with acknowledgement of economic recovery by the IMF staff and unprecedented tax-collection), robust cement dispatches and recovery in global crude oil prices (WTI up 7.8%MoM). Simultaneously, trading activity also gained momentum with average daily trading volume rising by 8% to 147.4mn shares while average trading value clocked in at USD72.3mn (up 4.5%). Going forward, we will maintain overweight stance in Cements, Steel and Electricity owing to increase in demand from materialization of CPEC projects. Possible inclusion of PSX in MSCI EM will prove beneficial for Conglomerates (in the Shariah-compliant universe). We continue with our underweight stance in E&Ps as clarity is still weak on global crude oil prices.

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. 741.100 million (31-Mar-16) |
| NAV | PKR 120.5038* |
| Launch Date | 10-May-11 |
| Management Fee | 2% p.a |
| Expense Ratio | 2.53% |
| Listing | Pakistan 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 |

Provision against WWF liability

* The scheme has maintained provisions against Worker Welfare Fund's liability to the tune of PKR 8.274 mn if the same were not made, the NAV per unit/return would be higher by Rs. 1.35/1.1%.

Sector Allocation (% of Total Assets)

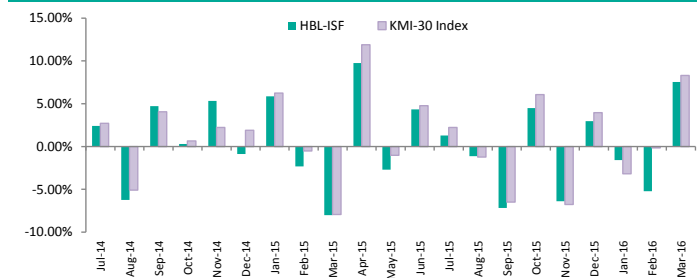
| | Mar'16 | Feb'16 |
|----------------------------|--------|--------|
| Construction and materials | 29.09% | 23.16% |
| Power Generation & Dist. | 12.78% | 11.31% |
| Others | 11.71% | 10.36% |
| Engineering | 9.19% | 8.98% |
| OIL & GAS Exploration Co. | 7.55% | 1.90% |
| OIL & GAS Marketing Co. | 7.05% | 6.60% |
| Fertilizers | 5.99% | 5.38% |
| Automobile Assembler | 3.85% | 5.81% |
| Cable & Electrical Goods | 2.95% | 2.81% |

Fund Returns (%)

| | HBL-ISF* | Benchmark |
|---|----------|-----------|
| Cumulative Return Since Inception | 114.55% | 187.27% |
| Year to Date Return (Cumulative) | -6.04% | 1.65% |
| Calendar Year to Date Return (Cumulative) | 0.32% | 4.70% |
| 1 Month Cumulative Return | 7.54% | 8.30% |
| 3 Month Cumulative Return | 0.32% | 4.70% |
| 6 Month Cumulative Return | 1.04% | 7.64% |
| 1 Year Cumulative Return | 5.58% | 17.94% |
| Daily Average Return (Since Inception) | 0.03% | 0.09% |
| Standard Deviation (Since Inception) | 1.23% | 0.96% |
| Since Inception (CAGR) | 16.87% | 24.05% |
| 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)



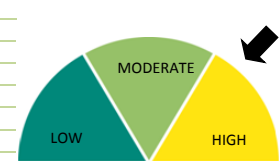
Asset Allocation (% of Total Assets)

| | Mar'16 | Feb'16 |
|----------------|--------|--------|
| Cash | 8.64% | 22.90% |
| Stock/Equities | 90.16% | 76.43% |
| Others | 1.20% | 0.67% |

Top Ten Holding (31-Mar-16)

| Company | % |
|---------------------------|------|
| Hub Power Co. Ltd | 6.7% |
| D.G. Khan Cement | 6.6% |
| Lucky Cement Limited | 6.5% |
| Engro Corporation Limited | 6.0% |
| Pakistan State Oil | 4.9% |
| Pakistan Petroleum Ltd | 4.3% |
| Pioneer Cement | 4.3% |
| Kohat Cement Limited | 4.1% |
| Searle Pakistan Limited | 3.9% |
| Fauji Cement Co. | 3.8% |

Risk Level (High)



MUFAP's Recommended Format

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Fund Manager's Commentary

31-Mar-16

In the month of Mar'16, HBL Islamic Asset Allocation Fund posted a return of 0.65%. Position in equity increased by 19.57% in the month of Mar'16. Ijara sukuk holding at the end of month stood at 59.41% of the fund size. KMI 30 Index increased by 8.3% and Net outflow of USD 11.30 million was witnessed in the month of March. The liquidity slightly improved with average daily volume increased by 11 million shares to 145 million shares. In Equity Portfolio, Fund has heavy exposure on cement sector on the back of CPEC projects.

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. HBL Islamic Asset Allocation Fund aims to provide superior returns through investments in **Shari'ah Compliant Equity Securities and Shari'ah Compliant Income / Money Market Instruments.**

Investment Features

Easy encashability
Diversified Balanced Portfolio
No minimum holding period

Fund Facts

| | |
|-----------------------|---|
| Net Assets | Rs. 1124.921 million (31-Mar-16) |
| NAV | 100.9006 |
| Launch Date | 11-Jan-16 |
| Management Fee | 1.5% p.a |
| Listing | Pakistan Stock Exchange |
| Trustee | Central Depository Co. of Pakistan |
| Auditor | KPMG Taseer Hadi & Co. |
| Benchmark | 30% KMI30 Index & 70% 6M DR rates |
| Type | Open End |
| Category | Shariah Compliant Asset Allocation Scheme |
| Front end Load | upto 2% |
| Back end Load | Nil |
| AMC Rating | AM2- (by JCRVIS) |
| Dealing Days | Monday-Friday |
| Cut off time | 9:00 AM-4:00 PM (Mon-Fri) |
| Price Mechanism | Forward Pricing |
| Fund Stability Rating | Not Rated |
| Leverage | Nil |
| Investment Committee | Rehan N. Shaikh, Amir Khan, Emmad Hashmi |

Provision against WWF liability

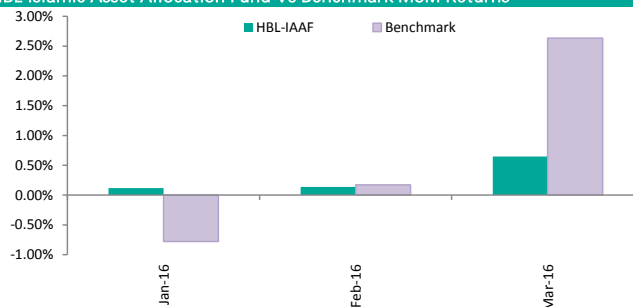
* The scheme has maintained provisions against Worker Welfare Fund's liability to the tune of PKR NIL

Fund Returns (%)

| | HBL-IAAF* | Benchmark |
|---|-----------|-----------|
| Year to Date Return (Cumulative) | N/A | N/A |
| Calendar Year to Date Return (Cumulative) | N/A | N/A |
| 1 Month Cumulative Return | 0.65% | 2.63% |
| 3 Month Cumulative Return | N/A | N/A |
| 6 Month Cumulative Return | N/A | N/A |
| 1 Year Cumulative Return | N/A | N/A |
| Daily Average Return (Since Inception) | 0.02% | 0.03% |
| Standard Deviation (Since Inception) | 0.05% | 0.29% |
| Return FY-15 | N/A | N/A |
| Return FY-14 | N/A | N/A |
| Return FY-13 | N/A | N/A |
| Return FY-12 | N/A | N/A |
| Return FY-11 | N/A | N/A |

* Returns have been calculated as per MUFAP's formula

HBL Islamic Asset Allocation Fund Vs Benchmark MoM Returns



Asset Allocation (% of Total Assets)

| | Mar'16 | Feb'16 |
|----------------|--------|--------|
| Cash | 18.44% | 39.50% |
| Ijarah Sukuk | 59.41% | 60.28% |
| Stock/Equities | 19.57% | 0.00% |
| Others | 2.58% | 0.23% |

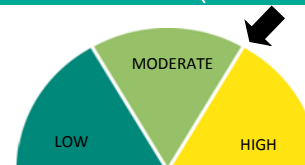
Sector Allocation (% of Total Assets)

| | Mar'16 | Feb'16 |
|---------------------------------|--------|--------|
| CEMENT | 7.32% | 0.00% |
| ENGINEERING | 3.89% | 0.00% |
| OIL & GAS MARKETING COMPANIES | 1.89% | 0.00% |
| FERTILIZER | 1.75% | 0.00% |
| PHARMACEUTICALS | 1.72% | 0.00% |
| TEXTILE COMPOSITE | 1.15% | 0.00% |
| CABLE & ELECTRICAL GOODS | 1.14% | 0.00% |
| POWER GENERATION & DISTRIBUTION | 0.70% | 0.00% |

Top Ten Holding (31-Mar-16)

| | |
|----------------------------------|-------|
| Lucky Cement | 2.12% |
| Pakistan State Oil | 1.89% |
| Crescent Steel & Allied Products | 1.66% |
| Maple Leaf Cement | 1.42% |
| Pioneer Cement | 1.37% |
| DG Khan Cement | 1.34% |
| Nishat Mills Ltd. | 1.15% |
| Pak Elektron | 1.14% |
| Amreli Steels Ltd | 1.12% |
| Mughal Steel | 1.10% |

Risk Level (Moderate/High)



MUFAP's Recommended Format

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Fund Manager's Commentary

DF: The fund's exposure in government securities at the end of Mar'16 stood at 72.57%. The fund's return for the month stood at 6.60% p.a.

MMF: The Fund's exposure in government Securities at the end of Mar'16 stood at 30.08% of the fund size. Return of the fund for the month of Mar'16 stood at 3.92% p.a.

SF: In the month of Mar'16, the Fund return stood at 7.21%. Fund equity exposure at the end of month stood at 90.39% in terms of Total Assets of the fund. In the month of Mar'16, KMI 30 Index increased by 8.30%. Net outflow of USD 11.30 million was witnessed in the month of March. The liquidity slightly improved with average daily volume increased by 11 million shares to 145 million shares. In Equity Portfolio, Fund have heavy exposure on cement sector on the back of CPEC projects.

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 | Delloite Pakistan |
| 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 | |

Fund Size (million) as at 31-March-2016

| Money Market | Debt | Equity |
|--------------|----------|----------|
| 62.6063 | 84.6525 | 150.2005 |
| NAV (PKR) | | |
| 127.8471 | 129.5185 | 326.0210 |
| Leverage | Nil | |

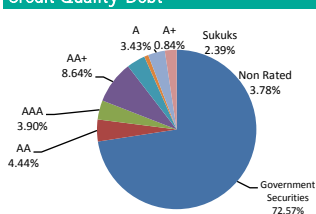
Fund Returns (%)

| | Debt p.a | **Equity | MM p.a |
|--|----------|----------|--------|
| Return Since Inception | 6.80% | 226.02% | 6.42% |
| Year to Date Return | 2.55% | -0.53% | 2.12% |
| Calendar Year to Date Return | 1.76% | 0.58% | 0.79% |
| 1 Month Return | 6.60% | 7.21% | 3.92% |
| 3 Month Return | 1.76% | 0.58% | 0.79% |
| 6 Month Return | 2.09% | 4.81% | 1.63% |
| 1 Year Return | 3.17% | 12.05% | 3.08% |
| Daily Average Return (Since Inception) | 0.02% | 0.11% | 0.02% |
| Standard Deviation (Since Inception) | 0.10% | 0.99% | 0.06% |
| 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 |

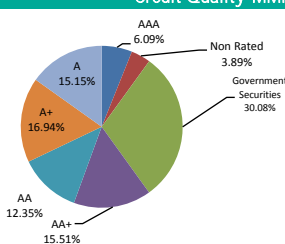
* Returns have been calculated as per MUFAP's formula

** 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. 3.03/0.93%, Rs 0.41/0.32% and Rs 0.46/0.36% respectively.

Risk Level



Sector Allocation Equity

| Sector Allocation Equity | % | Top 10 Equities | % |
|----------------------------------|--------|-------------------------|-------|
| Cements | 21.59% | Hub Power Company | 8.77% |
| Power Generation & Distribution | 10.98% | Fauji Cement | 6.80% |
| Pharmaceuticals | 9.29% | Pakistan State Oil | 6.37% |
| Engineering | 8.96% | Engro Corporation | 5.91% |
| Oil & Gas Marketing Companies | 6.37% | DG Khan Cement | 5.86% |
| Fertilizers | 5.91% | Thal Limited | 5.45% |
| Automobile Parts and Accessories | 5.45% | Lucky Cement | 5.37% |
| Cable & Electrical Goods | 3.98% | GlaxoSmithKline | 5.03% |
| Oil & Gas Exploration | 3.64% | Crescent Steel & Allied | 4.70% |
| Others | 23.82% | Searl | 4.26% |

Asset Allocation

| | HBL Money Market | | HBL Debt | | HBL-Equity | |
|------------------|------------------|-----------|-----------|-----------|------------|-----------|
| | 31-Mar-16 | 29-Feb-16 | 31-Mar-16 | 29-Feb-16 | 31-Mar-16 | 29-Feb-16 |
| Govt. Securities | 30.08% | 39.81% | 72.57% | 57.71% | 90.39% | 86.25% |
| Others | 3.89% | 3.97% | 3.78% | 3.85% | 3.90% | 0.40% |
| Cash | 66.03% | 56.22% | 21.26% | 36.00% | 5.71% | 13.35% |

| Returns (%)* | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Mar-16 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| HBL-IPF MMF* | 6.66% | 3.26% | 4.92% | 3.83% | 0.31% | 2.87% | 1.98% | 2.51% | -2.06% | 0.50% | 3.92% |
| HBL-IPF Debt* | 5.09% | 3.03% | 4.69% | 3.42% | 2.11% | 2.76% | 1.75% | 2.69% | -4.25% | 3.03% | 6.60% |
| HBL-IPF Equity** | -3.35% | 4.81% | 1.88% | -0.15% | -6.70% | 4.55% | -5.19% | 5.14% | -2.12% | -4.15% | 7.21% |

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