



ASSET MANAGEMENT

ايسيت مينجمنت

AMC Rating : AM2- by JCR-VIS

## FUND MANAGER'S REPORT (Islamic Funds)

October 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-Oct-15

During the month under review, HBL Islamic Money Market Fund generated an annualized return of 4.43% against the benchmark return of 5.60%. On Year to Date basis, the fund generated an annualized return of 4.75%. 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

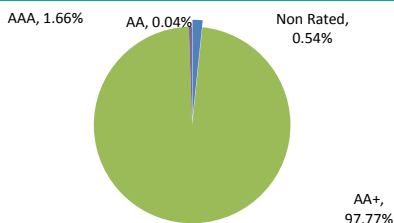
Net Assets	Rs. 466.958 million (31-Oct-15)
NAV	PKR 102.0013*
Launch Date	10-May-11
Management Fee	1% p.a
Listing	Lahore Stock Exchange
Trustee	Central Depository Co. of Pakistan
Auditor	KPMG Taseer Hadi & Co.
Benchmark	3-Month Deposit Rate
Type	Open End
Category	Islamic Money Market Scheme
Front end 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. 0.61/0.60%.

Weighted Average time to Maturity 1 Day

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

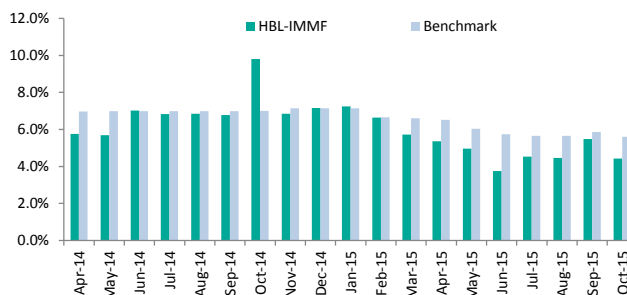


### Fund Returns (%)

	HBL-IMMF*	Benchmark
Annualized Return Since Inception	9.07%	6.89%
Year to Date Annualized Return	4.75%	5.69%
Calendar Year to Date Annualized Return	5.35%	6.15%
1 Month Annualized Return	4.43%	5.60%
3 Month Annualized Return	4.81%	5.71%
6 Month Annualized Return	4.65%	5.76%
1 Year Annualized Return	5.68%	6.31%
Daily Average Return (Since Inception)	0.01%	0.01%
Standard Deviation (Since Inception)	0.02%	0.01%
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

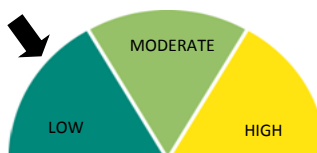
### HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



### Asset Allocation (% of Total Assets)

	Oct'15	Sep'15
Cash	99.46%	99.46%
Govt Securities (Ijara Sukuk)	0.00%	0.00%
Others Including receivables	0.54%	0.54%
Term Deposit Receipts	0.00%	0.00%

### Risk Level (Low)



MUFAP's Recommended Format

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**Fund Manager's Commentary**

31-Oct-15

In the month of Oct'15, the Fund posted a return of 4.50% vs. benchmark KMI30 return of 6.06%MoM. The rally was mainly driven by Oil & Gas sector (on higher global oil prices as WTI was up 2% MoM). During the month, average daily trading volume fell to 208.1mn shares, declining by 6.3%MoM (9MCY15/1QFY16 average volumes to 302.3mn/351.6mn shares). Foreign selling continued unabated with an outflow of -USD 50.6mn during the month with Commercial Banks (USD 15.5mn), Fertilizers(USD 13.9mn) and Textiles(USD 10.8mn) facing the brunt. With the 1QFY16 result season almost ended, direction of the market in Nov'15 will mainly be driven by i) outcome of MPS due in Nov'15; and ii) sentiments in global equity and commodity markets. Going forward, we expect the investor confidence to improve as regulatory concerns ease off.

**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. 791.760 million (31-Oct-15)
NAV	PKR 124.6173*
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. 1.31/0.95%.

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

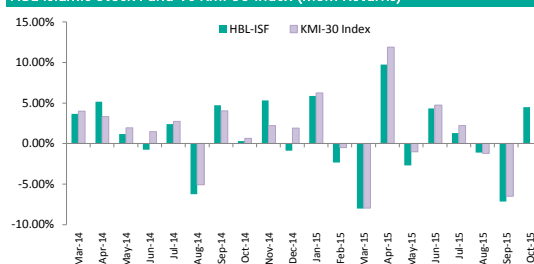
	Oct'15	Sep'15
Cable & Electrical Goods	3.70%	3.47%
Power Generation & Dist.	13.10%	14.21%
Others	18.80%	12.28%
Construction and materials	18.20%	16.60%
Food & Personal Care Products	0.00%	0.00%
Automobile Assembler	10.00%	7.24%
Fertilizers	13.80%	13.81%
OIL & GAS MARKETING	12.10%	6.75%

**Fund Returns (%)**

	HBL-ISF*	Benchmark
Cumulative Return Since Inception	118.68%	183.05%
Year to Date Return (Cumulative)	-2.83%	0.16%
Calendar Year to Date Return (Cumulative)	3.39%	13.06%
1 Month Cumulative Return	4.50%	6.06%
3 Month Cumulative Return	-3.55%	-2.03%
6 Month Cumulative Return	-0.96%	3.85%
1 Year Cumulative Return	7.96%	17.79%
Daily Average Return (Since Inception)	0.04%	0.10%
Standard Deviation (Since Inception)	1.26%	0.96%
Since Inception (CAGR)	19.10%	26.16%
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)**



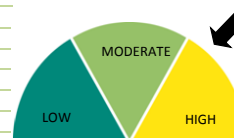
**Asset Allocation (% of Total Assets)**

	Oct'15	Sep'15
Cash	8.97%	9.04%
Stock/Equities	89.77%	83.61%
Others	1.26%	7.35%

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

Company	%
Engro Corporation Limited	5.60%
Lucky Cement Limited	4.56%
D G Khan Cement Company Ltd.	4.56%
Kohat Cement	3.77%
Pak Elektron Ltd	3.71%
Nishat Mills Ltd	3.69%
Fatima Fertilizer	3.62%
GlaxoSmithKline	3.58%
Synthetic Products	3.02%
Maple Leaf cement	2.91%

**Risk Level (High)**



MUFAP's Recommended Format

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**Fund Manager's Commentary**

**DF:** The fund maintained its exposure in government securities at 76.98% of the fund size. The fund's return for the month stood at 2.76% p.a.

**MMF:** In Islamic Money Market Fund we continued to maintain the Fund exposure in government Securities up to 91.00% of the fund size. Return of the fund for the month of Sep'15 stood at 2.87% p.a.

**SF:** In the month of Oct'15, the Fund earned a return of 4.55%. The rally was mainly driven by Oil & Gas sector (on higher global oil prices as WTI was up 2% MoM). During the month, average daily trading volume fell to 208.1mn shares, declining by 6.3%MoM (9MCIY15/1QFY16 average volumes to 302.3mn/351.6mn shares). Foreign selling continued unabated with an outflow of -USD 50.6mn during the month with Commercial Banks (USD 15.5mn), Fertilizers(USD 13.9mn) and Textiles(USD 10.8mn) facing the brunt. With the 1QFY16 result season almost ended, direction of the market in Nov'15 will mainly be driven by i) outcome of MPS due in Nov'15; and ii) sentiments in global equity and commodity markets. Going forward, we expect the investor confidence to improve as regulatory concerns ease off.

**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 30-Sep-2015**

Money Market	Debt	Equity
59.20	80.47	151.01
NAV (PKR)		
127.1260	128.4833	325.1943
Leverage	Nil	

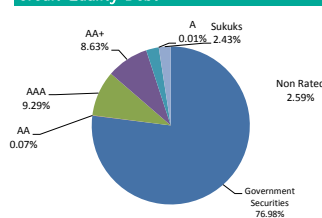
**Fund Returns (%)**

	Debt p.a	**Equity	MM p.a
Return Since Inception	7.26%	225.21%	6.91%
Year to Date Return	3.27%	-0.78%	3.02%
Calendar Year to Date Return	5.39%	8.60%	5.77%
1 Month Return	2.76%	4.55%	2.87%
3 Month Return	2.78%	-2.60%	2.36%
6 Month Return	3.56%	0.51%	3.69%
1 Year Return	4.91%	17.66%	5.10%
Daily Average Return (Since Inception)	0.03%	0.13%	0.02%
Standard Deviation (Since Inception)	0.11%	1.00%	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

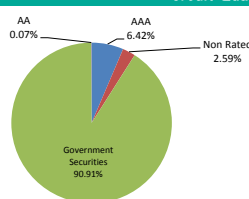
\* Returns have been calculated as per MUFAP's formula

\*\*Equity fund returns are cumulative

**Credit Quality-Debt**



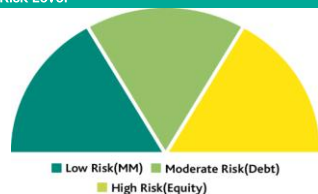
**Credit Quality-MMF**



**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. 3.05/0.98%, Rs 0.43/0.34% and Rs 0.48/0.38% respectively.

**Risk Level**



**Sector Allocation Equity**

Sector Allocation Equity	%	Top 10 Equities	%
Cements	26.33%	K-Electric	7.71%
Fertilizers	14.59%	Fauji Cement	5.95%
Oil & Gas Marketing Companies	8.62%	Lucky Cement	5.93%
Electricity	8.24%	Thal Limited	5.72%
Oil & Gas Exploration Companies	6.39%	D.G.K.Cement Company	5.51%
Automobile Parts and Accessories	6.11%	Pakistan Oil Fields	5.08%
Automobile Assemblers	5.74%	Pakistan State Oil	4.92%
Power Generation & Distribution	5.25%	Hub Power Company	4.91%
Pharmaceuticals	5.13%	Glaxo Smith Keline	4.80%
Others	13.61%	Engro Fertilizer Company	4.79%

**Asset Allocation**

	HBL Money Market		HBL Debt		HBL-Equity	
	30-Oct-15	30-Sep-15	30-Oct-15	30-Sep-15	30-Oct-15	30-Sep-15
Govt. Securities	90.91%	90.91%	76.98%	77.81%	91.68%	82.16%
Others	2.59%	2.00%	2.59%	1.86%	0.32%	7.25%
Cash	6.50%	7.09%	20.43%	21.33%	6.00%	10.59%

Returns (%)*	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
HBL-IPF MMF*	2.96%	12.01%	5.66%	9.06%	7.71%	6.66%	3.26%	4.92%	3.83%	0.31%	2.87%
HBL-IPF Debt*	3.46%	10.53%	5.94%	8.47%	6.72%	5.09%	3.03%	4.69%	3.42%	2.11%	2.76%
HBL-IPF Equity**	1.44%	6.56%	-0.96%	-7.94%	11.20%	-3.35%	4.81%	1.88%	-0.15%	-6.70%	4.55%

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