

FUND MANAGER'S REPORT (Islamic Funds)

May 2015

HBL

ASSET MANAGEMENT

إيسيت مينجمنت

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HBL Asset    

***Income Tax Ordinance:** As per section 62 of Income Tax Ordinance, the investment amount eligible for tax credit, at an average rate of tax is 20% of annual income or actual investment or Rs.1,000,000/= whichever is lower, subject to a 2 year holding period. Contributions made in HBL Pension Funds during any one tax year (i.e. between July 1 to June 30) shall be entitled to a tax credit under Section 63 of the Income Tax Ordinance 2001.

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Fund Manager's Commentary

31-May-15

For the month of May 2015, HBL Islamic Money Market Fund generated an annualized return of 4.97% against the benchmark return of 6.03%. The Fund's YTD return stood at 6.94% against the benchmark return of 6.84%. 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. 497.384 million (31-May-15)
NAV	PKR 106.5701*
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

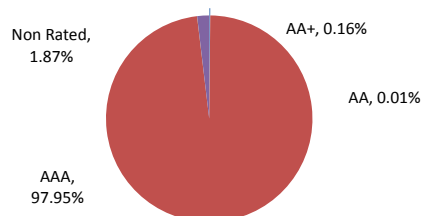
Naseer Ladhani, Fahad Aziz

Provision against WWF liability

* The scheme has maintained provisions against Worker Welfare Fund's liability to the tune of PKR 2.845 mn if the same were not made, the NAV per unit/return would be higher by Rs. 0.61/0.56%.

Weighted Average time to Maturity 1 Day

Asset Quality Portfolio (As at 31-May-15)

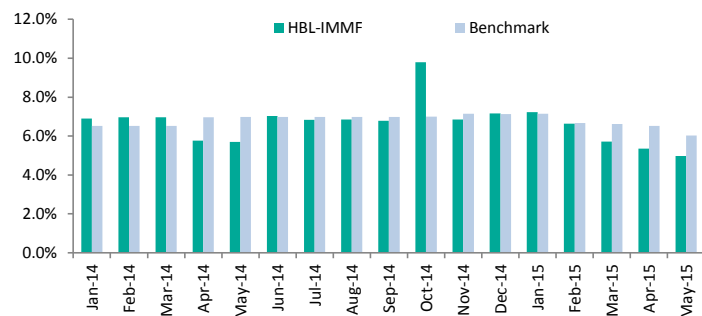


Fund Returns (%)

	HBL-IMMF*	Benchmark
Annualized Return Since Inception	9.36%	7.01%
Year to Date Annualized Return	6.94%	6.84%
Calendar Year to Date Annualized Return	6.03%	6.59%
1 Month Annualized Return	4.97%	6.03%
3 Month Annualized Return	5.37%	6.39%
6 Month Annualized Return	6.26%	6.68%
1 Year Annualized Return	6.99%	6.85%
Daily Average Return (Since Inception)	0.03%	0.02%
Standard Deviation (Since Inception)	0.03%	0.00%
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
Annualized Return FY-10	n/a	n/a

* Returns have been calculated as per MUFAP's formula

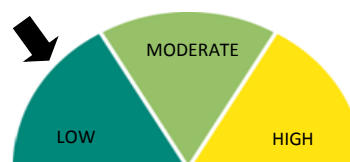
HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



Asset Allocation (% of Total Assets)

	May'15	Apr'15
Cash	98.13%	98.75%
Govt Securities (Ijara Sukuk)	0.00%	0.00%
Others Including receivables	1.87%	1.25%
Term Deposit Receipts	0.00%	0.00%

Risk Level (Low)



MUFAP's Recommended Format

Fund Manager's Commentary

31-May-15

During the month of May'15, the fund posted a return -2.70% vs. KMI-30 return of -1.03%. Overall exposure in equities was reduced from 92% of the fund size in Apr'15 to 90% in May'15. During the first half of the month, the stock market declined mainly due to unrest in the metropolitan city, imposition of anti-dumping duty on Cements, passing of GIDC bill and budget-related apprehensions among investors. However, after the announcement of monetary policy with discount rate cut to 42-year low of 7.0% the market finally managed to recoup the lost ground in the final week of May'15 especially in the leveraged plays. Underperformance is mainly attributed to overweight position in ENGR and EFOODS which declined by 11.4% and 9.8% respectively on MoM basis.

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. 788.313 million (31-May-15)
NAV	PKR 141.1097*
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 8.09 mn if the same were not made, the NAV per unit/return would be higher by Rs. 1.45/1.00%.

Sector Allocation (% of Total Assets)

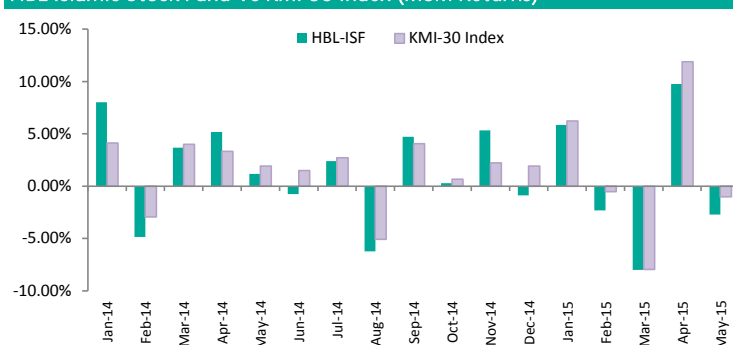
	May'15	Apr'15
Oil & Gas Marketing Companies	6.90%	8.02%
Power Generation & Dist.	13.91%	15.22%
Others	12.05%	14.99%
Oil & Gas Exploration Companies	9.96%	8.69%
Food & Personal Care Products	9.67%	11.47%
Automobile Assembler	9.53%	10.70%
Fertilizers	15.64%	9.90%
Cement	11.96%	13.21%

Fund Returns (%)

	HBL-ISF*	Benchmark
Cumulative Return Since Inception	116.16%	169.76%
Year to Date Return (Cumulative)	6.98%	14.64%
Calendar Year to Date Return (Cumulative)	1.57%	7.75%
1 Month Cumulative Return	-2.70%	-1.03%
3 Month Cumulative Return	-1.77%	1.95%
6 Month Cumulative Return	0.70%	9.80%
1 Year Cumulative Return	4.61%	16.35%
Daily Average Return (Since Inception)	0.10%	0.10%
Standard Deviation (Since Inception)	0.88%	0.95%
Since Inception (CAGR)	20.91%	27.69%
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
Return FY-10	n/a	n/a

* Returns have been calculated as per MUFAP's formula

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



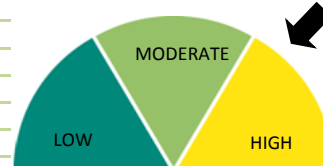
Asset Allocation (% of Total Assets)

	May'15	Apr'15
Cash	9.36%	4.35%
Stock/Equities	89.62%	92.19%
Others	1.02%	3.46%

Top Ten Holding (31-May-15)

Company	%
Hub Power Company Limited	7.48%
Engro Corporation Limited	6.65%
National Foods	6.01%
Pak Oilfields Limited	5.64%
Indus Motor Company Ltd	5.22%
Engro Fertilizer Company Ltd	4.71%
Maple Leaf Cement Factory	4.48%
Pak Petroleum Limited	4.31%
Pak Suzuki Motor Co. Limited	4.31%
Synthetic Products Enterprises Ltd.	4.15%

Risk Level (High)



MUFAP's Recommended Format

Fund Manager's Commentary

31-May-15

DF: The Fund maintained its exposure primarily in government securities at 82.73% of the fund size. The Fund's return for the month stood at 5.09% p.a. whereas the fund's YTD return through May'15 stood at 5.13% p.a.

MMF: In Islamic Money Market Fund we continued to maintain the Fund exposure largely in government securities (GIS) i.e. up to 92.24% of the fund size. Return of the fund for the month under review stood at 6.66% p.a.

SF: During the month of May'15, the fund posted a return -3.35%. During the first half of the month, the stock market declined mainly due to unrest in the metropolitan city, imposition of anti-dumping duty on Cements, passing of GIDC bill and budget-related apprehensions among investors. However, after the announcement of monetary policy with discount rate cut to 42-year low of 7.0% the market finally managed to recoup the lost ground in the final week of May'15 especially in the leveraged plays. Subdued fund performance is mainly attributed to overweight position in ENGR0 and EFOODS which declined by 11.4% and 9.8% respectively on MoM basis.

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

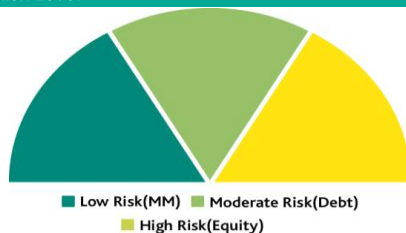
Fund Facts

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-May-2015

Money Market	Debt	Equity
58.15	73.91	143.23
NAV (PKR)		
125.5049	126.763	312.7093
Leverage	Nil	

Risk Level



Asset Allocation

	HBL Money Market		HBL Debt		HBL-Equity	
	31-May-15	30-Apr-15	31-May-15	30-Apr-15	31-May-15	30-Apr-15
Govt. Securities	92.24%	93.53%	82.73%	84.64%	89.32%	83.27%
Others	4.67%	3.95%	3.91%	3.25%	1.55%	9.52%
Cash	3.09%	2.52%	2.81%	2.97%	9.14%	7.21%
			10.55%	9.13%		

Returns (%)*	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
HBL-IPF MMF*	1.34%	3.00%	4.12%	5.67%	0.31%	2.96%	12.01%	5.66%	9.06%	7.71%	6.66%
HBL-IPF Debt*	0.26%	2.84%	4.81%	5.88%	1.29%	3.46%	10.53%	5.94%	8.47%	6.72%	5.09%
HBL-IPF Equity**	0.41%	-5.52%	4.65%	6.96%	6.81%	1.44%	6.56%	-0.96%	-7.94%	11.20%	-3.35%

MUFAP's Recommended Format

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

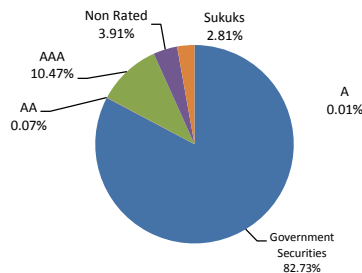
Fund Returns (%)

	Debt p.a	**Equity	MM p.a
Return Since Inception	7.64%	212.71%	7.28%
Year to Date Return	5.13%	20.14%	5.44%
Calendar Year to Date Return	7.47%	4.42%	8.39%
1 Month Return	5.09%	-3.35%	6.66%
3 Month Return	6.80%	-1.06%	7.86%
6 Month Return	6.81%	5.92%	7.48%
1 Year Return	5.06%	24.83%	5.15%
Daily Average Return (Since Inception)	0.03%	0.14%	0.03%
Standard Deviation (Since Inception)	0.11%	0.99%	0.07%
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
Return FY-10	n/a	n/a	n/a

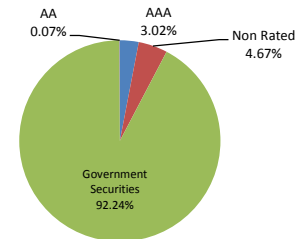
* Returns have been calculated as per MUFAP's formula

**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 1.402 mn, PKR 0.275 mn, and PKR 0.231 mn respectively. If the same were not made, the NAV per unit/return of ESF, DSF, and MSF would be higher by Rs. 3.06/0.94 %, Rs 0.47/0.36% and Rs 0.50/0.39% respectively.

Sector Allocation Equity

Sector Allocation Equity	%	Top 10 Equities	%
Fertilizers	20.22%	Engro Fertilizer Company Ltd	9.32%
Automobile Assembler	11.68%	National Foods	7.47%
Power Generation & Distribution	11.52%	Engro Corporation	7.10%
Food & Personal Care Products	11.16%	Pak Suzuki Motor Co. Ltd.	6.23%
Cement	8.81%	Thal Limited	6.04%
Oil & Gas Marketing Companies	7.28%	D.G.K.Cement Company Limited	5.99%
Jute	6.04%	Indus Motor Company Ltd	5.45%
Other Equities	12.61%	Hub Power Company Limited	4.91%
		K-Electric	4.77%
		ICI Pakistan Limited	4.49%

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

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

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