



ASSET MANAGEMENT

ايسيت مينجمنت

AMC Rating : AM2- by JCR-VIS

FUND MANAGER'S REPORT (Islamic Funds)

February 2016

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Fund Manager's Commentary

29-Feb-16

During the month under review, HBL Islamic Money Market Fund generated an annualized return of 3.72% against the benchmark return of 5.35%. On Year to Date basis, the fund generated an annualized return of 4.58%. 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. 475.012 million (29-Feb-16) |
| NAV | PKR 103.4673* |
| 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

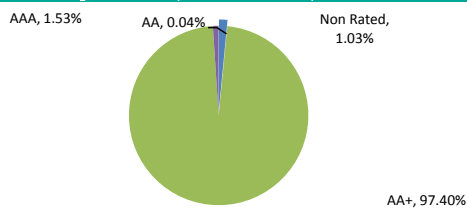
Naseer Ladhani, Fahad Aziz

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. 0.61/0.59%.

Weighted Average time to Maturity 1 Day

Asset Quality Portfolio (As at 29-Feb-16)

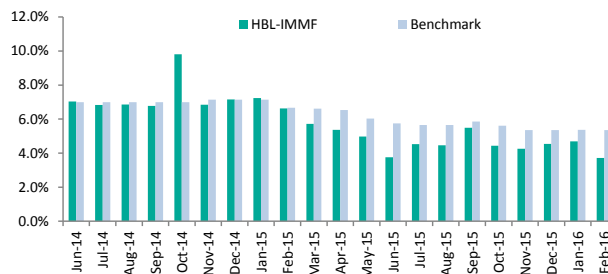


Fund Returns (%)

| | HBL-IMMF* | Benchmark |
|---|-----------|-----------|
| Annualized Return Since Inception | 8.87% | 6.78% |
| Year to Date Annualized Return | 4.58% | 5.53% |
| Calendar Year to Date Annualized Return | 4.23% | 5.36% |
| 1 Month Annualized Return | 3.72% | 5.35% |
| 3 Month Annualized Return | 4.34% | 5.36% |
| 6 Month Annualized Return | 4.57% | 5.48% |
| 1 Year Annualized Return | 4.77% | 5.76% |
| 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

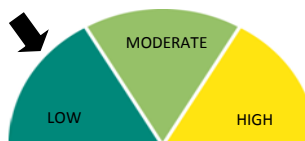
HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



Asset Allocation (% of Total Assets)

| | Feb'16 | Jan'16 |
|-------------------------------|--------|--------|
| Cash | 98.97% | 99.06% |
| Govt Securities (Ijara Sukuk) | 0.00% | 0.00% |
| Others Including receivables | 1.03% | 0.94% |
| Term Deposit Receipts | 0.00% | 0.00% |

Risk Level (Low)



MUFAP's Recommended Format

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29-Feb-16

Fund Manager's Commentary

During the month, the fund posted a return of -5.21% vs. KMI30 index return of -0.15%. The underperformance was due to fund's underweight position in select heavy-weight E&P stocks which rallied during the period under review. Broadly speaking, the fund reduced its overall exposure and was invested 76.43% in equities towards the end of the month. Exposure in Fertilizer sector was reduced on account of limited pricing power of local players which could jeopardize the margins going forward. Exposure in Cements was increased as off-take remains healthy and is expected to increase further as CPEC projects materialize and margins to hold steady. The Fund is aiming to re-align the portfolio in order to gain/maintain solid exposure to the beneficiaries of major upcoming triggers i.e. CPEC projects (Cements, Engineering & Electricity) and re-classification of PSX as an emerging market (Conglomerates).

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. 696.490 million (29-Feb-16) |
| NAV | PKR 112.0593* |
| Launch Date | 10-May-11 |
| Management Fee | 2% p.a |
| Expense Ratio | 2.54% |
| 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 | |
| Naseer Ladhani | |

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. 1.33/1.1%.

Sector Allocation (% of Total Assets)

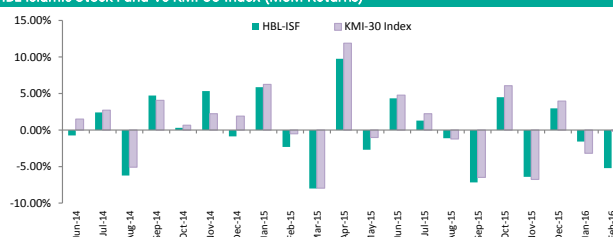
| | Feb'16 | Jan'16 |
|----------------------------|--------|--------|
| Cable & Electrical Goods | 2.81% | 3.18% |
| Power Generation & Dist. | 11.31% | 10.73% |
| Others | 10.36% | 17.62% |
| Construction and materials | 23.16% | 19.76% |
| Engineering | 8.98% | 8.93% |
| Automobile Assembler | 5.81% | 3.97% |
| Fertilizers | 5.35% | 8.73% |
| OIL & GAS | 8.65% | 9.99% |

Fund Returns (%)

| | HBL-ISF* | Benchmark |
|---|----------|-----------|
| Cumulative Return Since Inception | 106.11% | 165.25% |
| Year to Date Return (Cumulative) | -12.62% | -6.14% |
| Calendar Year to Date Return (Cumulative) | -6.71% | -3.33% |
| 1 Month Cumulative Return | -5.21% | -0.15% |
| 3 Month Cumulative Return | -3.94% | 0.51% |
| 6 Month Cumulative Return | -12.77% | -7.06% |
| 1 Year Cumulative Return | -8.77% | 0.24% |
| Daily Average Return (Since Inception) | 0.03% | 0.09% |
| Standard Deviation (Since Inception) | 1.24% | 0.96% |
| Since Inception (CAGR) | 16.22% | 22.48% |
| 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)

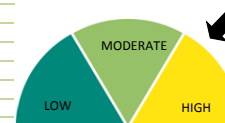


Asset Allocation (% of Total Assets)

| | Feb'16 | Jan'16 |
|----------------|--------|--------|
| Cash | 22.90% | 15.15% |
| Stock/Equities | 76.43% | 82.91% |
| Others | 0.67% | 1.94% |

Top Ten Holding (29-Feb-16)

| Company | % | Risk Level (High) |
|-------------------------------|-------|-------------------|
| D.G. Khan Cement | 6.14% | |
| Lucky Cement Limited | 6.06% | |
| Hub Power Co. Ltd | 5.41% | |
| Engro Corporation Limited | 5.35% | |
| Pakistan State Oil | 4.64% | |
| Kohat Cement Limited | 3.90% | |
| Pioneer Cement | 3.71% | |
| Crescent Steel & Allied Prod. | 3.61% | |
| Mughal Iron & Steel | 3.32% | |
| Packages Ltd. | 3.32% | |



MUFAP's Recommended Format

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Fund Manager's Commentary

29-Feb-16

In the month of Feb'16, the Fund posted a return of 0.14% vs. benchmark return of 0.17%. Fund took position in Ijara Sukuk up to the extent of 60.28% in the month of Feb. We remained cautious to take equity position in the fund mainly due to continuous selling by the foreigners (USD 39 million) which took the net outflow to USD 330 million in the last eight months as well as the result season failed to bring the excitement in the equity market and KMI 30 Index was also down by -0.15% in the month of Feb'16.

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. 805.043 million (29-Feb-16) |
| NAV | 100.2525 |
| Launch Date | 11-Jan-16 |
| Management Fee | 1.5% p.a |
| Listing | Lahore Stock Exchange |
| Trustee | Central Depository Co. of Pakistan |
| Auditor | KPMG Taseer Hadi & Co. |
| Benchmark | 30% KMI30 Index & 70% 6M Deposit Rate |
| 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 |

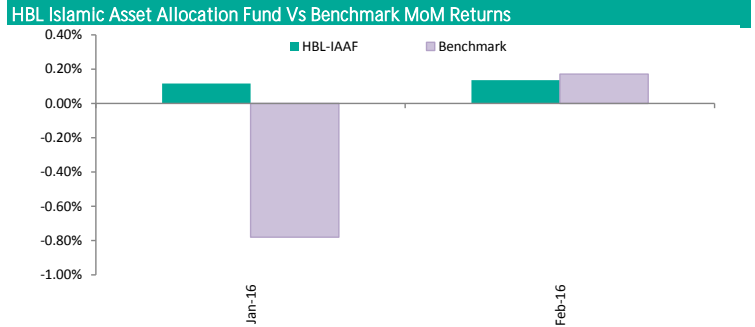
Leverage Nil
Investment Committee
Rehan N. Shaikh, Amir Khan, Emmad Hashmi
Naseer Ladhani

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 | 0.14% | 0.17% |
| 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) | 0.01% | -0.02% |
| Standard Deviation (Since Inception) | 0.01% | 0.31% |
| 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



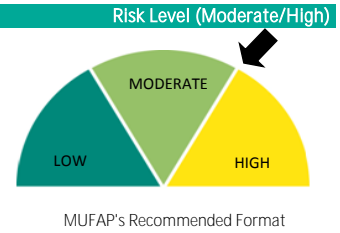
Asset Allocation (% of Total Assets)

| | Feb'16 | Jan'16 |
|----------------|--------|--------|
| Cash | 39.50% | 99.84% |
| Ijarah Sukuk | 60.28% | 0.00% |
| Stock/Equities | 0.00% | 0.00% |
| Others | 0.23% | 0.16% |

Sector Allocation (% of Total Assets)

| | Feb'16 | Jan'16 |
|---------------------------------|--------|--------|
| Cement | 0.00% | 0.00% |
| Fertilizers | 0.00% | 0.00% |
| Power Generation & Distribution | 0.00% | 0.00% |
| Commercial Banks | 0.00% | 0.00% |
| Engineering | 0.00% | 0.00% |
| Technology Communication | 0.00% | 0.00% |
| Automobile Assembler | 0.00% | 0.00% |
| Others | 0.00% | 0.00% |

Top Ten Holding (29-Feb-16)
Equity Exposure NIL



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Fund Manager's Commentary

DF: The fund maintained its exposure in government securities at 57.71% of the fund size. The fund's return for the month stood at 3.03% p.a.

MMF: In Islamic Money Market Fund we continued to maintain the Fund exposure in government Securities up to 39.81% of the fund size. Return of the fund for the month of Feb'16 stood at 0.50% p.a mainly due to MTM losses on a particular Ijara Sukuk.

ESF: The fund posted return of -4.15% in the month of Feb'16. The Fund's decline in performance was due to underweight position in oil & Gas sector which contributed positively in KSE 100 Index during the month. Equity Exposure at the end of month was 86.25% while sector wise fund has heavy exposure on cement and power generation. In the month of Feb'16, foreign selling of \$39 million was witnessed which took the total outflow to \$330 million for last eight months.

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, Emmad Hashmi | |
| Naseer Ladhani | |

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

| | Debt | Equity |
|--------------|----------|----------|
| Money Market | 60.8443 | 144.4634 |
| NAV (PKR) | 127.4232 | 304.1041 |
| Leverage | Nil | |

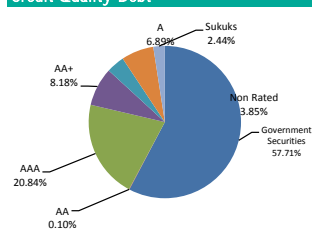
Fund Returns (%)

| | Debt p.a | **Equity | MM p.a |
|--|----------|----------|--------|
| Return Since Inception | 6.77% | 204.10% | 6.45% |
| Year to Date Return | 2.02% | -7.22% | 1.88% |
| Calendar Year to Date Return | -0.74% | -6.19% | -0.82% |
| 1 Month Return | 3.03% | -4.15% | 0.50% |
| 3 Month Return | 0.43% | -1.37% | 0.31% |
| 6 Month Return | 1.32% | -8.78% | 1.02% |
| 1 Year Return | 3.34% | -3.78% | 3.53% |
| 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 |

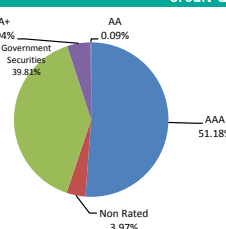
* Returns have been calculated as per MUFAP's formula

**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. 2.94/2.04%, Rs 0.40/0.31% and Rs 0.47/0.37% respectively.

Risk Level



Sector Allocation Equity

| Sector Allocation Equity | % | Top 10 Equities | % |
|----------------------------------|--------|-------------------------|-------|
| Cements | 19.97% | Hub Power Company | 9.08% |
| Power Generation & Distribution | 11.42% | Fauji Cement | 6.52% |
| Fertilizers | 8.37% | Pakistan State Oil | 5.97% |
| Engineering | 8.11% | DG Khan Cement | 5.39% |
| Pharmaceuticals | 7.97% | Thal Limited | 5.06% |
| Oil & Gas Marketing Companies | 5.97% | Lucky Cement | 5.00% |
| Automobile Parts and Accessories | 5.06% | Engro Corporation | 4.80% |
| Cable & Electrical Goods | 3.75% | GlaxoSmithKline | 4.33% |
| Transport | 3.43% | Mughal Steels | 4.31% |
| Others | 25.94% | Crescent Steel & Allied | 3.80% |

Asset Allocation

| | HBL Money Market | | HBL Debt | | HBL-Equity | |
|------------------|------------------|-----------|-----------|-----------|------------|-----------|
| | 29-Feb-16 | 31-Jan-16 | 29-Feb-16 | 31-Jan-16 | 29-Feb-16 | 31-Jan-16 |
| Govt. Securities | 39.81% | 39.73% | 57.71% | 58.08% | 86.25% | 82.76% |
| Others | 3.97% | 3.67% | 3.85% | 3.48% | 0.40% | 3.47% |
| Cash | 56.22% | 56.60% | 36.00% | 36.19% | 13.35% | 13.77% |

| Returns (%)* | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| HBL-IPF MMF* | 7.71% | 6.66% | 3.26% | 4.92% | 3.83% | 0.31% | 2.87% | 1.98% | 2.51% | -2.06% | 0.50% |
| HBL-IPF Debt* | 6.72% | 5.09% | 3.03% | 4.69% | 3.42% | 2.11% | 2.76% | 1.75% | 2.69% | -4.25% | 3.03% |
| HBL-IPF Equity** | 11.20% | -3.35% | 4.81% | 1.88% | -0.15% | -6.70% | 4.55% | -5.19% | 5.14% | -2.12% | -4.15% |

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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