



ASSET MANAGEMENT

ايسيت مينجمنت

AMC Rating : AM2- by JCR-VIS

FUND MANAGER'S REPORT (Islamic Funds)

May 2016

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Fund Manager's Commentary

31-May-16

During the month under review, HBL Islamic Money Market Fund generated an annualized return of 3.68% against the benchmark return of 5.32%. On Year to Date basis, the fund generated an annualized return of 4.30%. 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

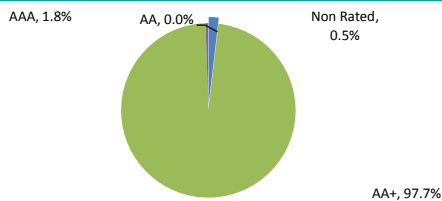
Net Assets	Rs. 487.575 million (31-May-16)
NAV	PKR 104.3640*
Launch Date	10-May-11
Management Fee	1% p.a
Expense Ratio with ST & FED	1.81%
Expense Ratio without ST & FED	1.49%
Listing	Pakistan Stock Exchange
Trustee	Central Depository Co. of Pakistan
Auditor	KPMG Taseer Hadi & Co.
Benchmark	3-Month Deposit 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. 0.60/0.59%.

Weighted Average time to Maturity 1 Day

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

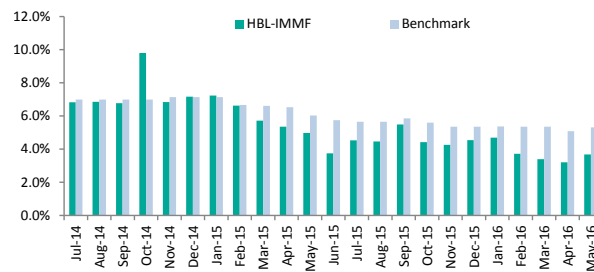


Fund Returns (%)

	HBL-IMMF*	Benchmark
Annualized Return Since Inception	8.67%	6.70%
Year to Date Annualized Return	4.30%	5.43%
Calendar Year to Date Annualized Return	3.76%	5.24%
1 Month Annualized Return	3.68%	5.32%
3 Month Annualized Return	3.44%	5.17%
6 Month Annualized Return	3.91%	5.26%
1 Year Annualized Return	4.26%	5.45%
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

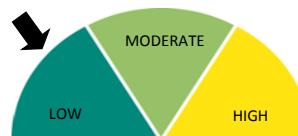
HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



Asset Allocation (% of Total Assets)

	May'16	Apr'16
Cash	99.56%	99.49%
Govt Securities (Ijara Sukuk)	0.00%	0.00%
Others Including receivables	0.44%	0.51%
Term Deposit Receipts	0.00%	0.00%

Risk Level (Low)



MUFAP's Recommended Format

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31-May-16

Fund Manager's Commentary

During the month of May'16, the fund posted absolute return of 1.77% vs. benchmark KMI30 return of 4.51%. Exposure in equities stood at 95.21% at month-end. During the month we had shifted to market-weight stance in E&Ps as most of the fears on downward movement of oil prices have subsided. Given the excitement surrounding potential re-classification of Pakistan into Emerging Markets (MSCI EM) in the 2016 semiannual review of MSCI (due on 14th Jun'16), we expect the market to remain bullish in May'16 and onwards. Going forward, we will maintain overweight stance in Cements, Steel and Electricity owing to increase in demand from the materialization of CPEC projects. Possible inclusion of PSX in MSCI EM will prove beneficial for Conglomerates in the Islamic universe.

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. 767.501 million (31-May-16)
NAV	PKR 126.2684*
Launch Date	10-May-11
Management Fee	2% p.a
Expense Ratio with ST & FED	3.25%
Expense Ratio without ST & FED	2.61%
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)

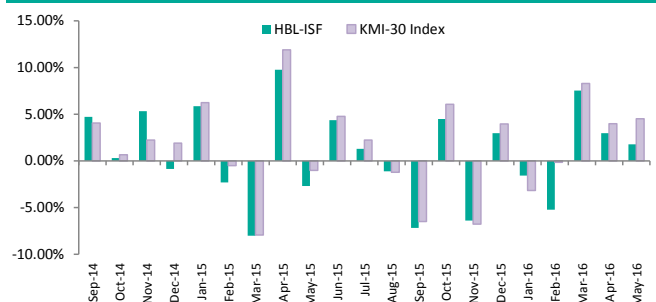
	May'16	Apr'16
Construction and materials	27.82%	25.49%
Power Generation & Dist.	9.26%	8.13%
Others	12.66%	9.27%
Engineering	14.17%	12.97%
OIL & GAS Exploration Co.	11.33%	8.68%
OIL & GAS Marketing Co.	2.00%	1.96%
Fertilizers	11.22%	8.41%
Automobile Assembler	3.82%	4.73%
Cable & Electrical Goods	2.93%	2.75%

Fund Returns (%)

	HBL-ISF*	Benchmark
Cumulative Return Since Inception	120.32%	212.18%
Year to Date Return (Cumulative)	-1.55%	10.46%
Calendar Year to Date Return (Cumulative)	5.12%	13.78%
1 Month Cumulative Return	1.77%	4.51%
3 Month Cumulative Return	12.68%	17.69%
6 Month Cumulative Return	8.24%	18.29%
1 Year Cumulative Return	2.95%	15.72%
Daily Average Return (Since Inception)	0.03%	0.09%
Standard Deviation (Since Inception)	1.22%	0.95%
Since Inception (CAGR)	16.88%	25.21%
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)



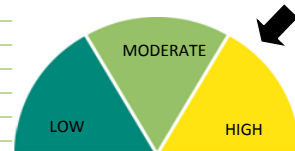
Asset Allocation (% of Total Assets)

	May'16	Apr'16
Cash	4.37%	13.52%
Stock/Equities	95.21%	82.38%
Others	0.42%	4.10%

Top Ten Holding (31-May-16)

Company	%
Hub Power Co. Ltd	9.26%
Engro Corporation Limited	9.08%
Lucky Cement Limited	8.45%
Pakistan Petroleum Ltd	6.99%
D.G. Khan Cement	5.95%
Crescent Steel & Allied Prod.	4.98%
Mughal Iron & Steel	4.62%
Amerli Steel	4.56%
Searle Pakistan Limited	4.36%
Pakistan Oilfields Ltd.	4.35%

Risk Level (High)



MUFAP's Recommended Format

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Fund Manager's Commentary

31-May-16

Return of HBL Islamic Asset Allocation Fund posted the return of 0.76% in the month of May'16 while the benchmark was up by 1.57%. Exposure in equities increased by 0.95% to 27.62% in the month of May'16. KMI 30 increased by 4.51% on MoM basis, mainly on the back of rally in international oil prices and potential re-classification in the MSCI Emerging markets. Foreigners were net buyers of USD 3.6 million in the month of May'16. Daily Average volume increased by 34 million shares to 269 million shares. Going forward, budget may bring volatility in the market, however, inclusion in MSCI Emerging market can possibly play the positive role and enable the market to further continue the rally.

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. 1311.016 million (31-May-16)
NAV	102.7086
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 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	

Provision against WWF liability

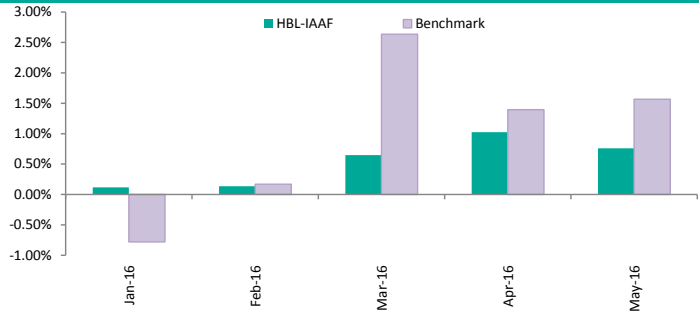
* The scheme has maintained provisions against Worker Welfare Fund's liability to the tune of PKR NIL

Fund Returns (%)

	HBL-IAAF*	Benchmark
Year to Date Return (Cumulative)	2.71%	5.05%
Calendar Year to Date Return (Cumulative)	2.71%	5.05%
1 Month Cumulative Return	0.76%	1.57%
3 Month Cumulative Return	2.45%	5.70%
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

* YTD and CYTD returns are since inception
* Returns have been calculated as per MUFAP's formula

HBL Islamic Asset Allocation Fund Vs Benchmark MoM Returns



Asset Allocation (% of Total Assets)

	May'16	Apr'16
Cash	12.18%	16.00%
GoP Ijarah Sukuk	52.52%	56.33%
Stock/Equities	27.62%	26.67%
Sukuk	6.06%	0.00%
Others	1.62%	1.01%

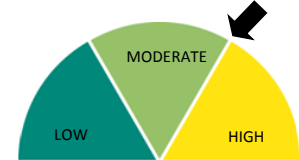
Sector Allocation (% of Total Assets)

	May'16	Apr'16
CEMENT	7.24%	7.59%
ENGINEERING	4.46%	4.73%
FERTILIZER	4.21%	3.35%
OIL & GAS EXPLORATION COMPAN	3.98%	1.00%
PHARMACEUTICALS	2.19%	2.28%
POWER GENERATION & DISTRIBUT	1.91%	2.44%
PAPER & BOARD	1.52%	1.71%
CABLE & ELECTRICAL GOODS	1.04%	1.13%
TEXTILE COMPOSITE	0.83%	0.84%

Top Ten Holding (31-May-16)

Engro Corp.	2.99%
Lucky Cement	2.73%
Pakistan Petroleum	2.46%
Crescent Steel	2.05%
Hub Power Co.	1.91%
Packages Ltd.	1.52%
Pakistan Oilfields	1.51%
Mughal Steel	1.45%
Searle Co.	1.23%
Pak Elektron	1.04%

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 May'16 stood at 70.56%. The fund's return for the month stood at 5.10% p.a.

MMF: Exposure in government Securities at the end of May'16 stood at 29.06% of the fund size. Return of the fund for the month of May'16 stood at 3.34% p.a.

SF: In the month of May'16, the Fund return stood at 2.10%. Equity exposure at the end of month stood at 88.86% in terms of Total Assets of the fund. In the month of May'16, KMI 30 Index increased by 4.51%. Net inflow of USD 3.60 million was witnessed in FIPI in the month of May. The liquidity slightly improved with average daily volume increased by 34 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-May-2016

Money Market	Debt	Equity
63.9968	87.3091	157.3530
NAV (PKR)		
128.5011	130.5177	340.8451
Leverage	Nil	

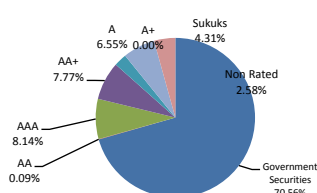
Fund Returns (%)

	Debt p.a	**Equity	MM p.a
Return Since Inception	6.77%	240.85%	6.32%
Year to Date Return	2.94%	3.99%	2.30%
Calendar Year to Date Return	2.91%	5.15%	1.70%
1 Month Return	5.10%	2.10%	3.34%
3 Month Return	5.30%	12.08%	3.36%
6 Month Return	2.88%	10.55%	1.84%
1 Year Return	2.95%	9.00%	2.38%
Daily Average Return (Since Inception)	0.02%	0.11%	0.02%
Standard Deviation (Since Inception)	0.10%	0.98%	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

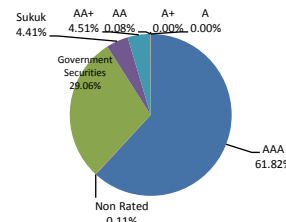
* Returns have been calculated as per MUFAP's formula

**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. 3.03/0.89%, Rs 0.4/0.31% and Rs 0.45/0.35% respectively.

Risk Level



Sector Allocation Equity

Sector Allocation Equity	%	Top 10 Equities	%
Cements	20.9%	Engro Corporation	9.1%
Oil & Gas Exploration	14.1%	Lucky Cement	7.7%
Fertilizers	11.4%	Crescent Steel & Allied	4.7%
Engineering	11.3%	Searl	4.4%
Pharmaceuticals	8.8%	Pakistan National Shipping	4.2%
Power Generation & Distribution	8.3%	Mughal Steel	4.2%
Transport	4.2%	Fauji Cement	4.1%
Paper & Board	4.2%	GlaxoSmithKline	4.0%
Cable & Electrical	3.2%	DG Khan Cement	3.7%
Others	13.5%	Pak Electron	3.2%

Asset Allocation

	HBL Money Market		HBL Debt		HBL-Equity						
	31-May-16	30-Apr-16	31-May-16	30-Apr-16	31-May-16	30-Apr-16					
Govt. Securities	29.06%	29.77%	Govt. Securities	70.56%	73.66%	Equities	88.86%	88.62%			
Others	0.11%	4.22%	Others	2.58%	4.50%	Others	0.44%	0.83%			
Cash	66.42%	66.01%	Sukuks	4.31%	2.22%	Cash	10.70%	10.55%			
Sukuk	4.41%	0.00%	Cash	22.55%	19.62%						
Returns (%)*	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
HBL-IPF MMF*	4.92%	3.83%	0.31%	2.87%	1.98%	2.51%	-2.06%	0.50%	3.92%	2.76%	3.34%
HBL-IPF Debt*	4.69%	3.42%	2.11%	2.76%	1.75%	2.69%	-4.25%	3.03%	6.60%	4.10%	5.10%
HBL-IPF Equity**	1.88%	-0.15%	-6.70%	4.55%	-5.19%	5.14%	-2.12%	-4.15%	7.21%	2.40%	2.10%

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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