



ASSET MANAGEMENT

إيسيهيڤ مينجمنٲ

AMC Rating : AM2 by JCR-VIS

FUND MANAGER'S REPORT (Islamic Funds)

August 2016

Risk 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. Past performance is not necessarily indicative of future results. Please read the Offering document to understand the investment policies and risk involved.

Economic Review

Headline inflation (CPI) clocked in at 3.56% Y/Y for Aug'16 (vs. 4.12% Y/Y recorded for the month of Jul'16 and vs. 1.79% Y/Y recorded for the month of Aug'15), while average CPI for 2MFY17 clocked in at 3.84%. On a sequential basis, CPI decreased by 0.30% M/M during Aug'16. A sequential downtick in CPI was due to 1.07% M/M decrease in Food group (Perishable food items increased by 14.59%). According to PBS released data, current account for 1MFY17 reported a deficit of USD 591mn up 2.5x Y/Y versus USD 234mn deficit in 1MFY16 the inflated CAD is attributable to a decline in remittances and delay in CSF payments. Trade deficit for the month clocked in at USD 2.08bn, up 18.07% Y/Y as exports continued to slide due to commodity prices and lower competitiveness (exports of USD 1.4bn down 6.86% Y/Y & Imports for Jul'16 climbed up by 6.24% Y/Y to USD 3.56bn). Remittances remained subdued with a decline of 20% Y/Y, 36% M/M to USD 1.33bn (the lowest inflow in last 2 years, primarily due to slowdown in remittances from the middle east as a result of employment crisis in the gulf region). During 1MFY17 FDI clocked in at USD 64.3mn, down 14.6% Y/Y, versus USD 77mn in 1MFY16.

Going forward, on the macro front, foreign inflows in the absence of IMF receipts are expected to materialize from CSF, WB, ADB & FDIs however remittances are likely to remain dull on the back of worsening labor dynamics in Middle East. International Oil prices are hovering in a band of USD 40-50 bbl, consequently oil import bill is expected to remain on the lower side; however our exports are expected to slow down largely due to Brexit. Moreover, with record FX reserves, an import cover of ~6.0x, PKR is expected to remain stable in CY16.

Equity Market Review

The benchmark KSE-100 Index increased by 0.71% M/M during Aug'16 (vs. an increase of 4.62% M/M in Jul'16) as the index took a breather on the back of Foreign outflows of USD 20.40mn (after 3 months of consecutive inflows). The index made a high of 40,205 points before correcting by 951 points and making a low of 39,254 during the period. Average volumes were up ~3.44% M/M to ~120mn shares, taking CY16TD average volumes to ~110mn shares. On the foreign counter, net outflow of USD 20.40mn was recorded for the month of Aug'16 taking 2MFY17 cumulative inflow to USD 2.24mn, versus net outflow of USD -82.61mn during 2MFY16. The market took a breather after a rally over the last 3 months. The KSE-100 index out-performed/ under-performed MSCI EM/FM index by 0.84%/-1.96% respectively during the month. Major developments during the month included, 1) Cement sales improved by 12% Y/Y locally, 2) The NA standing committee on Finance approved benami transaction bill 2016, 3) ECC approved sale of NFML imported urea at a discounted price of PKR 1310/bag, 4) GoP planned further import of LNG to cope up with expected rise in energy demand during winters, 5) FM and SBP governor alluded that there is no further IMF program under consideration and 6) ADB approved USD 810mn in multi tranche loans for Pakistan's transmission system, funding rehabilitation in NTDC's grid.

Money Market Review

During the period under review, SBP conducted T-bill auctions twice with a cumulative target of PKR650bn against maturity of PKR617bn. Cumulative participation in the auction was PKR1,391.5bn with a major amount accepted in six months tenor, total amount accepted was PKR758.2bn (excluding non-competitive bids). The cut-offs yields in the last auction were 5.8571% for 3Months, 5.9046% for 6Months and 5.9148% for 12Months. SBP also conducted a PIB auction on August 24, 2016 with a target of PKR 100bn against the maturity of PKR281bn, participation of PKR319.1bn (face value) was witnessed while the government accepted an amount of PKR211bn. Participation in the 3years PIBs attracted 54.4% followed by 5 years and 10 years which attracted 23.1% and 22.5% of the entire participation, while no bids were received for 20 years. With the major amount being accepted in the 3years tenor, the cut-off yields were 6.2000% for the 3 years tenor (face value PKR98.4bn), followed by 6.7017% in the 5 years tenor (face value PKR62.5bn) and 7.8005% in the 10 years tenor (face value PKR49.0bn).

Fund Manager's Commentary

31-Aug-16

The NAV of PICIC-ISF increased by 0.18% during Aug'16, out-performing the benchmark KMI30 by 1.17%. The benchmark KMI30 Index decreased by 0.99% during the month (vs. an increase of 5.95% in Jul'16). Activity at the bourse remained positive with average volumes up ~3.44% M/M to ~120mn shares, taking CY16TD average volumes to ~110mn shares. On the foreign counter, net outflow of USD 20.40mn was recorded for the month of Aug'16 taking 2MFY17 cumulative inflow to USD 2.24mn, versus net outflow of USD -82.61mn during 2MFY16. The market took a breather after a rally over the last 3 months. The KSE-100 Index out-performed/ under-performed MSCI EM/EM Index by 0.84%/ -1.96% respectively during the month. We will continue to evaluate the market for new investment opportunities that would benefit our valued investors, whilst maintaining our blue chip investment profile, along with ensuring adequate levels of cash in order to meet any redemption.

Investment Objective

The objective of PICIC Islamic Stock Fund is to provide the maximum total return to the unit holders from investment in Shariah Compliant equity investments for the given level of risk.

Investment Features

Easy encashability
Diversified Islamic Equity Portfolio
No exit load

Fund Facts

| | |
|--|-------------------------------|
| Net Assets (mn) | Rs. 482.3373 (31 -Aug-2016) |
| NAV | PKR 112.8381 |
| Launch Date | 29-May-14 |
| Management Fee | 2% p.a |
| Expense Ratio with ST & FED | 0.69% |
| Expense Ratio without ST & FED | 0.60% |
| Listing | Pakistan Stock Exchange |
| Trustee | CDC |
| Auditor | BDO Ebrahim & Co. |
| Benchmark | KMI30 Index |
| Type | Open End |
| Category | Equity Scheme |
| Front end Load | 3.0% |
| Back end Load | Nil |
| AMC Rating | AM2(JCR-VIS) |
| Dealing Days | Monday-Friday |
| Cut off time | 9:00 AM- 4:00 pm (Mon to Fri) |
| Price Mechanism | Forward Pricing |
| Leverage | Nil |
| Investment Committee | |
| Farid Ahmed Khan, Tauqir Shamshad, Yasir Yousuf, Noman Ameer | |

Provision against WWF liability

The scheme has maintained provisions against WWF liability to the tune of Rs1,000,124 if the same were not made the NAV per unit/return of the scheme would be higher by Re 0.2340/ 0.22% (YTD). For details, investors are advised to read the Note 6.1of the latest financial statements of the scheme.

Sector Allocation (% of Total Assets)

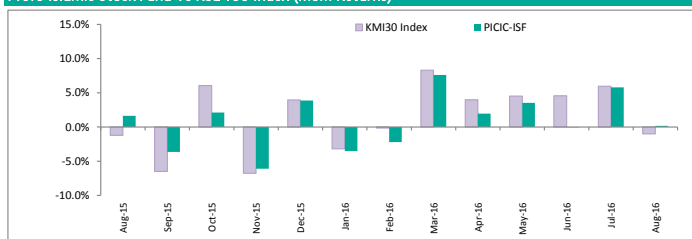
| | Aug'16 | July'16 |
|---------------------------------|--------|---------|
| CEMENT | 15.8% | 15.6% |
| FERTILIZER | 12.8% | 15.1% |
| OIL & GAS MARKETING COMPANIES | 10.0% | 12.7% |
| POWER GENERATION & DISTRIBUTION | 9.4% | 11.0% |
| PHARMACEUTICALS | 9.0% | 9.5% |
| Others | 26.1% | 27.5% |

Fund Returns (%)

| | PICIC-ISF | Benchmark |
|---|-----------|-----------|
| Cumulative Return Since Inception | 47.69% | 51.09% |
| Year to Date Return (Cumulative) | 5.98% | 4.90% |
| Calendar Year to Date Return (Cumulative) | 21.31% | 24.82% |
| 1 Month Cumulative Return | 0.18% | -0.99% |
| 3 Month Cumulative Return | 5.94% | 9.70% |
| 6 Month Cumulative Return | 20.33% | 29.11% |
| 1 Year Cumulative Return | 8.99% | 20.00% |
| Daily Average Return (Since Inception) | 0.07% | 0.07% |
| Standard Deviation (Since Inception) | 0.93% | 0.96% |
| Since Inception (CAGR) | | |
| Return FY-16 | 10.96% | 15.53% |
| Return FY-15 | 24.49% | 20.10% |
| Return FY-14 | 0.84% | 2.06% |

* Returns have been calculated as per MUFAP's formula

PICIC Islamic Stock Fund Vs KSE 100 Index (MoM Returns)



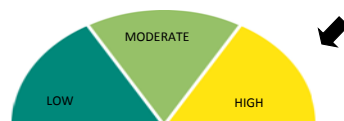
Asset Allocation (% of Total Assets)

| | Aug'16 | July'16 |
|------------------------------|--------|---------|
| Cash | 15.30% | 7.02% |
| Stock/Equities | 83.01% | 91.46% |
| Others Including receivables | 1.69% | 1.52% |

Top Ten Holding (31-Aug-16)

| Company Name | % |
|--------------------------------------|-------|
| Engro Corporation Ltd | 5.77% |
| Systems Limited | 5.42% |
| Pakistan State Oil Company Ltd | 5.09% |
| Kot Addu Power Company Ltd | 4.88% |
| Attock Petroleum Ltd | 4.88% |
| Fauji Fertilizer Co Ltd | 4.71% |
| K-Electric Limited | 4.48% |
| Lucky Cement Ltd | 4.45% |
| Crescent Steel & Allied Products Ltd | 3.55% |
| GlaxoSmithKline Pakistan Ltd | 3.50% |

Risk Level (High)



MUFAP's Recommended Format

| Name of Non-Compliant Investment (In Millions PKR) | Type of Investment | Value before provision | Provision Held | Value of Investment after Provision | % of Net Assets | % of Gross Assets |
|--|--------------------|------------------------|----------------|-------------------------------------|-----------------|-------------------|
| | | | | | | |

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31-Aug-16

Fund Manager's Commentary

HBL Islamic Stock Fund: During the period FY16-to-date, the Fund posted return of 6.99% vs. benchmark KMI30 return of 4.90%. In the month of AUG16, the index remained flattish owing to unfavorable newsflow in select sectors (expansion announcements by Cement players and further price discount in Fertilizer), increased political noise and drag from outflow in Foreign Institutional Portfolio Investment (-US\$20.4mn). Autos (+11.3%) and Oil & Gas (+3.2%) were top performing sectors during the month. Activity was buoyant in third-tier stocks. The market currently trades at forward PE of 9.3x vs. MSCI EM Index of 13.4x, hence, strong potential for rerating post-inclusion in the same. Market activity in upcoming month will most likely be dictated by the meeting of OPEC members and Federal Reserve decision on interest rate hike.

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. 909.37 million (31-Aug-16) |
| NAV | PKR 136.9568* |
| Launch Date | 10-May-11 |
| Management Fee | 2% p.a |
| Expense Ratio with ST & FED | 2.87% |
| 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 | Farid Ahmed Khan, Amir Khan & Samia Aslam, CFA, Akhtar Munir |

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. 1.25/1%.

Sector Allocation (% of Total Assets)

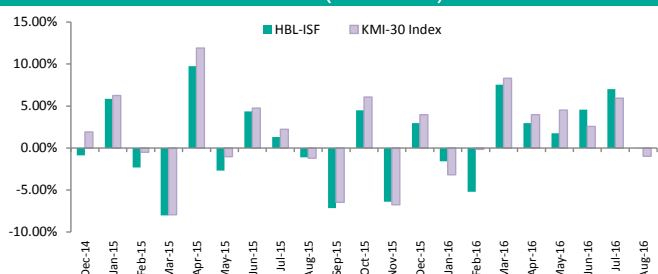
| | Aug'16 | July'16 |
|----------------------------|--------|---------|
| Construction and materials | 20.66% | 25.03% |
| Power Generation & Dist. | 12.73% | 15.75% |
| Others | 12.29% | 13.55% |
| Engineering | 9.90% | 10.21% |
| OIL & GAS Exploration Co. | 12.79% | 12.46% |
| OIL & GAS Marketing Co. | 0.00% | 1.73% |
| Fertilizers | 13.12% | 8.47% |
| Automobile Assembler | 1.49% | 3.37% |
| Cable & Electrical Goods | 2.85% | 3.13% |

Fund Returns (%)

| | HBL-ISF* | Benchmark |
|---|----------|-----------|
| Cumulative Return Since Inception | 132.51% | 242.47% |
| Year to Date Return (Cumulative) | 6.99% | 4.90% |
| Calendar Year to Date Return (Cumulative) | 15.27% | 24.82% |
| 1 Month Cumulative Return | -0.03% | -0.98% |
| 3 Month Cumulative Return | 9.65% | 9.70% |
| 6 Month Cumulative Return | 23.56% | 29.11% |
| 1 Year Cumulative Return | 7.94% | 20.00% |
| Daily Average Return (Since Inception) | 0.04% | 0.10% |
| Standard Deviation (Since Inception) | 1.21% | 0.95% |
| Since Inception (CAGR) | 17.20% | 26.06% |
| 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)



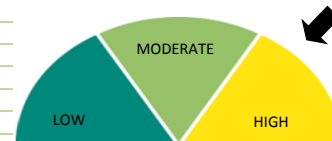
Asset Allocation (% of Total Assets)

| | Aug'16 | July'16 |
|----------------|--------|---------|
| Cash | 9.14% | 5.90% |
| Stock/Equities | 85.83% | 93.70% |
| Others | 5.02% | 0.41% |

Top Ten Holding (31-Aug-16)

| Company | % |
|-----------------------------|-------|
| Lucky Cement Limited | 9.02% |
| Hub Power Co. Ltd | 8.08% |
| Engro Corporation Limited | 7.62% |
| Pakistan Petroleum Ltd | 6.04% |
| Dawood Hercules Corporation | 5.50% |
| D.G. Khan Cement | 5.24% |
| Kot Adu Co. Ltd. | 4.65% |
| Pakistan Oilfields Ltd. | 4.34% |
| Mughal Iron & Steel | 3.86% |
| Packages Ltd. | 3.74% |

Risk Level (High)



MUFAP's Recommended Format

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Fund Manager's Commentary

31-Aug-16

During the Month, HBL Islamic Money Market Fund posted a return of 4.58% against the benchmark return of 5.02%. The fund maintained its cash position at 97.96%, going forward the fund will work towards increasing the net return by diversifying the portfolio for better profit rates.

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

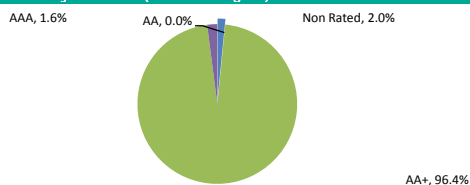
| | |
|--|------------------------------------|
| Net Assets | Rs. 517.769 million (31-Aug-16) |
| NAV | PKR 101.3394* |
| Launch Date | 10-May-11 |
| Management Fee | 1% p.a |
| Expense Ratio without ST & FED | 1.50% |
| Expense Ratio with ST & FED | 1.63% |
| Listing | Pakistan Stock Exchange |
| Trustee | 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 | |
| Farid Ahmed Khan, Amir Khan, Fahad Aziz & Akhtar Munir | |

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. 0.55/0.59%.

Weighted Average time to Maturity 1 Day

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

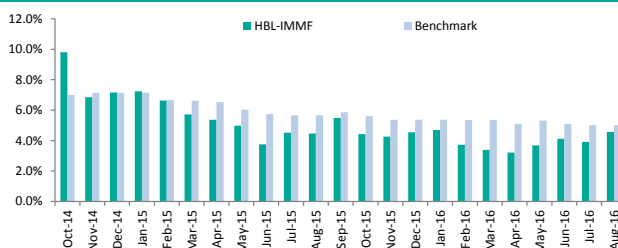


Fund Returns (%)

| | HBL-IMMF* | Benchmark |
|---|-----------|-----------|
| Annualized Return Since Inception | 8.55% | 6.62% |
| Year to Date Annualized Return | 4.25% | 5.02% |
| Calendar Year to Date Annualized Return | 3.96% | 5.17% |
| 1 Month Annualized Return | 4.58% | 5.02% |
| 3 Month Annualized Return | 4.21% | 5.04% |
| 6 Month Annualized Return | 3.84% | 5.10% |
| 1 Year Annualized Return | 4.25% | 5.29% |
| Daily Average Return (Since Inception) | 0.02% | 0.02% |
| Standard Deviation (Since Inception) | 0.11% | 0.00% |
| Annualized Return FY-16 | 4.29% | 5.40% |
| 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% |

* Returns have been calculated as per MUFAP's formula

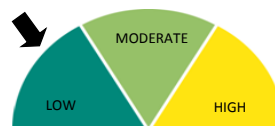
HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



Asset Allocation (% of Total Assets)

| | Aug'16 | Jul'16 |
|-------------------------------|--------|--------|
| Cash | 97.96% | 97.95% |
| Govt Securities (Ijara Sukuk) | 0.00% | 0.00% |
| Others Including receivables | 2.04% | 2.05% |
| Term Deposit Receipts | 0.00% | 0.00% |

Risk Level (Low)



MUFAP's Recommended Format

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31-Aug-16

Fund Manager's Commentary

During the month of August, the Fund size decreased marginally to PKR 250mn from PKR 252mn in Jul'16. The Fund earned an annualized return of 4.87% for the month. The overall weighted average time to maturity stood at 157 days against 160 days in the previous month. The Fund Manager intends to participate in the auction for purchase of GOP Securities and Corporate Securities.

Investment Objective

To provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term Shariah compliant debt instruments while taking into account liquidity considerations.

Investment Features

- Easy encashability
- Optimum returns
- No back end load

Fund Facts

| | |
|---|--|
| Net Assets | Rs. 250.26 million (31-Aug-16) |
| NAV | PKR 101.5541* |
| Launch Date | 29-May-14 |
| Management Fee | 10% of gross earnings subject to a minimum fee of 0.50% and a maximum fee of 1.50% of average daily net assets |
| Expense Ratio | 0.30% |
| (This includes 0.03% representing government levy, WWF and SECP Fee, as applicable) | |
| Listing | Pakistan Stock Exchange |
| Trustee | Central Depository Co. of Pakistan |
| Auditor | BDO Ebrahim & Co. |
| Benchmark | Avg. of 6M profitable of 3 Islamic Banks or Islamic Windows of Conventional Banks rated A and above |
| Type | Open End |
| Category | Islamic Income Scheme |
| Front end Load | Class B: 0% to 1.50% |
| 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 | A(f) (ICR VIS) Credit Rating |
| Leverage | Nil |

Investment Committee

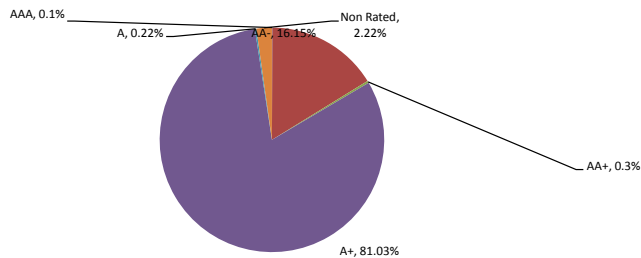
Farid Ahmed Khan , Tauqir Shamshad,
Noman Ameer

Provision against WWF liability

*The scheme has maintained provisions against WWF liability to the tune of Rs 333,193 if the same were not made the NAV per unit/return of the scheme would be higher by Re0.1352/0.79% (YTD). For details, investors are advised to read the Note 6.1 of the latest financial statements of the scheme.

Weighted Average time to Maturity 157 Day

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



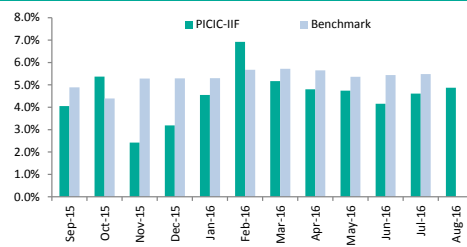
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Fund Returns (%)

| | PIIF | Benchmark |
|---|-------|-----------|
| Annualized Return Since Inception | 6.83% | 5.89% |
| Year to Date Annualized Return | 4.76% | 5.38% |
| Calendar Year to Date Annualized Return | 5.06% | 5.49% |
| 1 Month Annualized Return | 4.87% | 5.27% |
| 3 Month Annualized Return | 4.57% | 5.40% |
| 6 Month Annualized Return | 4.78% | 5.49% |
| 1 Year Annualized Return | 4.68% | 5.31% |
| Annualized Return FY-16 | 4.82% | 5.20% |
| Annualized Return FY-15 | 8.37% | 6.58% |
| Annualized Return FY-14 | 8.95% | 6.49% |
| Annualized Return FY-13 | | |
| Annualized Return FY-12 | | |

* Returns have been calculated as per MUFAP's formula

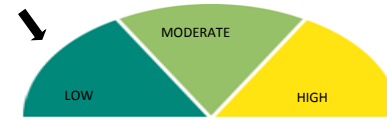
PICIC Islamic Income Fund Vs benchmark (MoM Returns)



Asset Allocation (% of Total Assets)

| | Aug'16 | Jul'16 |
|-------------------------------|--------|--------|
| Cash | 83.63% | 82.92% |
| Govt Securities (Jjara Sukuk) | 0.00% | 0.00% |
| Others Including receivables | 1.58% | 2.43% |
| Term Deposit Receipts | 0.00% | 0.00% |
| Corporate Sukuks | 14.79% | 14.65% |

Risk Level (Low)



MUFAP's Recommended Format

Fund Manager's Commentary

31-Aug-16

During the Month of Aug'16, HBL Asset Allocation Fund posted return of -0.03% vs. benchmark return of -0.11%. During the month Investment in Government Ijarah sukuk increased by 12% to 41% while investment in equity at the end of the month stood at 28% of the fund size. During the month KMI-30 Index declined by 1%, average daily volume increased by 69 million shares to 258 million shares. Foreigners were net seller of USD 20 million in the month of Aug'16. Fund have 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. 927.716 million (31-Aug-16) |
| NAV | 104.2134 |
| 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-3:00 PM (Mon-Fri) |
| Price Mechanism | Forward Pricing |
| Fund Stability Rating | Not Rated |
| Leverage | Nil |
| Investment Committee | |
| Farid Ahmed Khan, Amir Khan, Emmad Hashmi & Akhtar Munir | |

Provision against WWF liability

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

Sector Allocation (% of Total Assets)

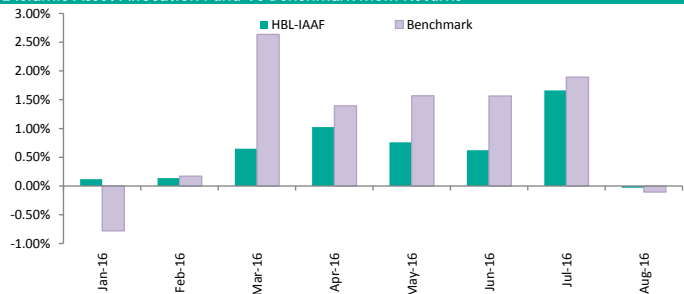
| | Aug'16 | Jul'16 |
|---------------------------------|--------|--------|
| CEMENT | 6.58% | 7.90% |
| POWER GENERATION & DISTRIBUTION | 4.68% | 4.17% |
| OIL & GAS EXPLORATION COMPANIES | 3.77% | 4.27% |
| FERTILIZER | 3.46% | 3.55% |
| ENGINEERING | 2.49% | 3.61% |
| PAPER & BOARD | 1.54% | 0.00% |
| PHARMACEUTICALS | 1.15% | 1.66% |
| CABLE & ELECTRICAL GOODS | 1.03% | 0.82% |
| FOOD & PERSONAL CARE PRODUCTS | 1.01% | 0.12% |

Fund Returns (%)

| | HBL-IAAF* | Benchmark |
|---|-----------|-----------|
| Year to Date Return (Cumulative) | 1.63% | 1.79% |
| Calendar Year to Date Return (Cumulative) | 5.03% | 8.60% |
| 1 Month Cumulative Return | -0.03% | -0.11% |
| 3 Month Cumulative Return | 2.26% | 3.38% |
| 6 Month Cumulative Return | 4.77% | 9.28% |
| 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-16 | 3.35% | 6.70% |
| 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 |

* Returns have been calculated as per MUFAP's formula

HBL Islamic Asset Allocation Fund Vs Benchmark MoM Returns



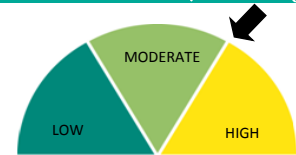
Asset Allocation (% of Total Assets)

| | Aug'16 | Jul'16 |
|------------------|--------|--------|
| Cash | 18.82% | 34.80% |
| GoP Ijarah Sukuk | 41.64% | 29.00% |
| Stock/Equities | 28.43% | 27.76% |
| Sukuk | 8.40% | 5.86% |
| Others | 2.71% | 2.58% |

Top Ten Holding (31-Aug-16)

| | |
|--------------------|-------|
| Engro Corp. | 3.15% |
| Hub Power Co. | 2.13% |
| Lucky Cement | 2.06% |
| Kot Addu Power | 2.02% |
| Pakistan Petroleum | 1.90% |
| Packages Ltd. | 1.54% |
| Pioneer Cement | 1.16% |
| GSK Pakistan | 1.08% |
| Crescent Steel | 1.04% |
| Pakistan Oilfield | 1.03% |

Risk Level (Moderate/High)



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 Manager's Commentary

DF: The Fund's exposure in government securities at the end of Aug'16 stood at 70.86%. The fund's return for the month stood at 5.18% p.a.

MMF: Exposure in government Securities at the end of Aug'16 stood at 29.16% of the fund size. Return of the fund for the month of Aug'16 stood at 4.82% p.a.

SF: In the month of Aug'16, the Fund posted a return of 0.88%. Equity exposure at the end of month stood at 91.44% in terms of Total Assets of the fund. In the month of Aug'16, KMI 30 Index decreased by 1%. Net outflow of USD 20 million was witnessed in FIPI. Average daily volume increased by 69 million shares to 258 million shares.

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 | | |
| Farid Ahmed Khan, Amir Khan, Samia Aslam, CFA Akhtar Munir. | | |
| Fund Size (million) as at 31-August-2016 | | |
| Money Market | Debt | Equity |
| 64.8169 | 87.0411 | 178.7290 |
| NAV (PKR) | | |
| 130.5246 | 132.6490 | 374.0821 |
| Leverage | Nil | |

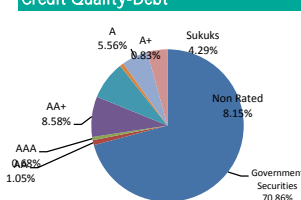
Fund Returns (%)

| | Debt p.a | **Equity | MM p.a |
|--|----------|----------|--------|
| Return Since Inception | 6.86% | 274.08% | 6.41% |
| Year to Date Return | 6.55% | 8.13% | 5.11% |
| Calendar Year to Date Return | 4.29% | 15.40% | 3.43% |
| 1 Month Return | 5.18% | 0.88% | 4.82% |
| 3 Month Return | 6.48% | 9.75% | 6.25% |
| 6 Month Return | 5.93% | 23.01% | 4.83% |
| 1 Year Return | 3.66% | 12.21% | 2.95% |
| Daily Average Return (Since Inception) | 0.02% | 0.12% | 0.02% |
| Standard Deviation (Since Inception) | 0.10% | 0.96% | 0.06% |
| Return FY-16 | 3.23% | 5.56% | 2.82% |
| 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 |

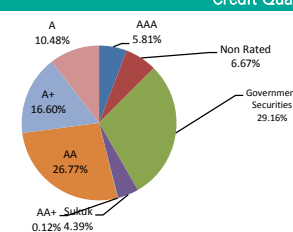
* Returns have been calculated as per MUFAP's formula

**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. 2.93/0.78%, Rs 0.41/0.31% and Rs 0.45/0.34% respectively.

Risk Level



Sector Allocation Equity

| Sector Allocation Equity | % | Top 10 Equities | % |
|--------------------------|-------|----------------------------|-------|
| Cements | 14.8% | Engro Corp | 8.12% |
| Oil & Gas Development | 11.3% | Hub Power Company | 7.37% |
| Power Distribution | 10.3% | Pakistan Petroleum | 5.85% |
| Engineering | 10.3% | DG Khan Cement | 4.73% |
| Fertilizers | 9.5% | Packages | 4.39% |
| Chemicals | 6.6% | Amerli Steel | 4.18% |
| Pharmaceuticals | 4.7% | Dawood Hercules | 4.06% |
| Paper & Board | 4.4% | Pakistan National Shipping | 3.97% |
| Transport | 4.0% | Glaxo Smith Keline | 3.97% |
| Others | 24.1% | Lucky Cement | 3.93% |

Asset Allocation

| | HBL Money Market | | HBL Debt | | HBL-Equity | | | | | | |
|---------------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 31-Aug-16 | 31-Jul-16 | 31-Aug-16 | 31-Jul-16 | 31-Aug-16 | 31-Jul-16 | | | | | |
| Govt. Securities | 29.16% | 29.03% | 70.86% | 70.07% | Equities | 91.44% | | | | | |
| Others | 6.67% | 22.75% | 8.15% | 13.25% | Others | 1.77% | | | | | |
| Cash | 59.78% | 43.84% | 4.29% | 2.10% | Cash | 6.80% | | | | | |
| Sukuk | 4.39% | 4.38% | 16.70% | 14.58% | | 0.00% | | | | | |
| Returns (%)* | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 | Jul-16 | Aug-16 |
| HBL-IPF MMF* | 2.87% | 1.98% | 2.51% | -2.06% | 0.50% | 3.92% | 2.76% | 3.34% | 8.53% | 5.37% | 4.82% |
| HBL-IPF Debt* | 2.76% | 1.75% | 2.69% | -4.25% | 3.03% | 6.60% | 4.10% | 5.10% | 6.26% | 7.89% | 5.18% |
| HBL-IPF Equity** | 4.55% | -5.19% | 5.14% | -2.12% | -4.15% | 7.21% | 2.40% | 2.10% | 1.50% | 7.18% | 0.88% |

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