

FUND MANAGER'S REPORT (Islamic Funds)

January 2016

HBL ASSET MANAGEMENT
إيسيت مينجمنت

Jahan Khush, Wahan HBL.

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HBL IslamicAssetAllocationFund

(021) 111-425-262 | www.hblasset.com

Launch date:
7th January 2016

Risk Disclaimer: All investments in mutual fund are subject to market risks. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in clause 2.1 Risk Factors mentioned in clause 2.4, and Warnings in Clause 9 before making any investment decision.

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

During the month under review, HBL Islamic Money Market Fund generated an annualized return of 4.69% against the benchmark return of 5.36%. On Year to Date basis, the fund generated an annualized return of 4.68%. 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. 473.080 million (31-Jan-16)
NAV	PKR 103.1625*
Launch Date	10-May-11
Management Fee	1% p.a
Expense Ratio	1.48%
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

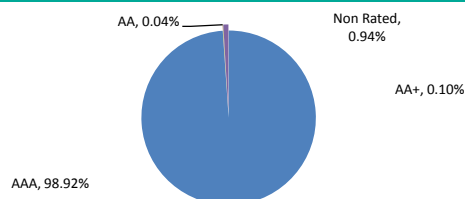
Naseer Ladhani, Fahad Aziz

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. 0.61/0.59%.

Weighted Average time to Maturity 1 Day

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

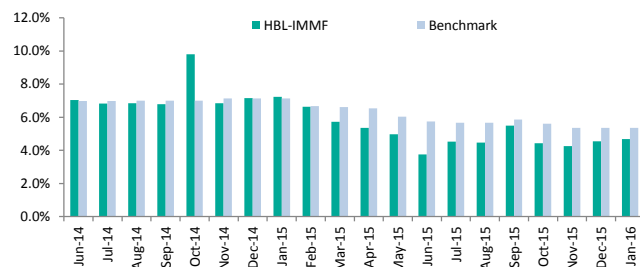


Fund Returns (%)

	HBL-IMMF*	Benchmark
Annualized Return Since Inception	8.93%	6.81%
Year to Date Annualized Return	4.68%	5.55%
Calendar Year to Date Annualized Return	4.69%	5.36%
1 Month Annualized Return	4.69%	5.36%
3 Month Annualized Return	4.52%	5.36%
6 Month Annualized Return	4.69%	5.53%
1 Year Annualized Return	5.00%	5.87%
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

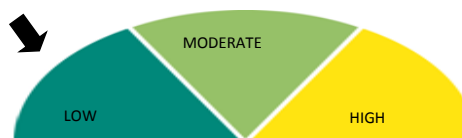
HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



Asset Allocation (% of Total Assets)

	Jan'16	Dec'15
Cash	99.06%	99.43%
Govt Securities (Ijara Sukuk)	0.00%	0.00%
Others Including receivables	0.94%	0.57%
Term Deposit Receipts	0.00%	0.00%

Risk Level (Low)



MUFAP's Recommended Format

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Fund Manager's Commentary

In the month of Jan'16, the Fund posted a return of -1.58% vs. KMI30 return of -3.18%. Sharp decline in the oil prices following the lift-off of US sanctions from Iran and continued sell-off in the international markets amid slow economic growth prospects of China remained the prime reasons behind the disappointing performance of the local bourse. Foreigners remained net seller again on a monthly basis for the 7th consecutive month taking total outflow in 7MFY16 to -USD297mn. Upon closer inspection, E&P heavyweights were the major underperformers of the index in first half of month as Arab Light slid to more than a decade low of USD 21/barrel. However, the trend reversed when oil prices recovered sharply in the wake of short squeeze in financial markets and expectations of an agreement to cut output between OPEC and Russia. On the local front, the State Bank of Pakistan kept the policy rate unchanged at 6% in its latest announcement since inflation is expected to remain low, external account is likely to improve. GDP growth will be sustained and fiscal account is also expected to remain within target. This is expected to provide relief to the Banking sector stocks. Upcoming corporate result announcements will likely drive the market upward.

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. 736.760 million (31-Jan-16)
NAV	PKR 118.2226*
Launch Date	10-May-11
Management Fee	2% p.a
Expense Ratio	2.52%
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 8.274 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)

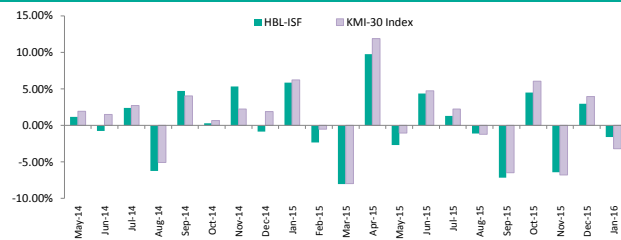
	Jan'16	Dec'15
Cable & Electrical Goods	3.18%	2.45%
Power Generation & Dist.	10.73%	12.03%
Others	17.62%	20.58%
Construction and materials	19.76%	20.30%
Engineering	8.93%	2.67%
Automobile Assembler	3.97%	7.16%
Fertilizers	8.73%	13.40%
OIL & GAS	9.99%	11.77%

Fund Returns (%)

	HBL-ISF*	Benchmark
Cumulative Return Since Inception	112.27%	165.65%
Year to Date Return (Cumulative)	-7.82%	-6.00%
Calendar Year to Date Return (Cumulative)	-1.58%	-3.18%
1 Month Cumulative Return	-1.58%	-3.18%
3 Month Cumulative Return	-5.14%	-6.15%
6 Month Cumulative Return	-9.00%	-8.06%
1 Year Cumulative Return	-6.69%	-0.12%
Daily Average Return (Since Inception)	0.03%	0.09%
Standard Deviation (Since Inception)	1.25%	0.96%
Since Inception (CAGR)	17.24%	22.94%
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)



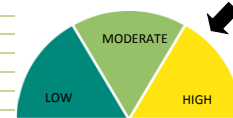
Asset Allocation (% of Total Assets)

	Jan'16	Dec'15
Cash	15.15%	8.23%
Stock/Equities	82.91%	90.36%
Others	1.94%	1.40%

Top Ten Holding (31-Jan-16)

Company	%
D.G. Khan Cement	5.98%
Lucky Cement Limited	5.77%
Hub Power Co. Ltd	5.01%
Engro Corporation Limited	4.86%
Amreli Steels Company	4.27%
Kohat Cement Limited	4.12%
Pakistan State Oil	3.98%
Mari Petroleum Company	3.90%
Pioneer Cement	3.89%
Crescent Steel & Allied Prod.	3.72%

Risk Level (High)



MUFAP's Recommended Format

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Fund Manager's Commentary

31-Jan-16

In the month of Jan'16, the Fund posted a return of 0.12% vs. benchmark return of -1.12%.

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
- No Exit Load

Fund Facts

Net Assets	Rs. 186.237 million (31-Jan-16)
NAV	100.1167
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, 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 NIL

Sector Allocation (% of Total Assets)

	Jan'16	Dec'15
Cement	0.00%	N/A
Fertilizers	0.00%	N/A
Power Generation & Distribution	0.00%	N/A
Commercial Banks	0.00%	N/A
Engineering	0.00%	N/A
Technology Communication	0.00%	N/A
Automobile Assembler	0.00%	N/A
Others	0.00%	N/A

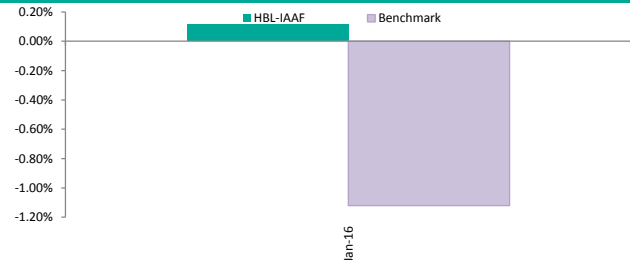
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Fund Returns (%)

	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	0.12%	-1.12%
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%	-0.07%
Standard Deviation (Since Inception)	0.00%	0.27%
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

HBL Islamic Asset Allocation Fund Vs Benchmark MoM Returns



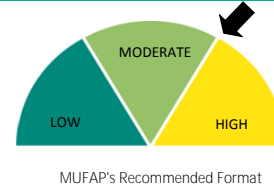
Asset Allocation (% of Total Assets)

	Jan'16	Dec'15
Cash	99.84%	N/A
Stock/Equities	0.00%	N/A
Govt. Securities	0.00%	N/A
Others	0.00%	N/A

Top Ten Holding (31-Jan-16)

Equity Exposure	NIL
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Risk Level (Moderate/High)



Fund Manager's Commentary

DF: The fund maintained its exposure in government securities at 58.08% of the fund size. The fund's return for the month of Jan'16 stood at -4.25% p.a.

MMF: In Islamic Money Market Fund we continued to maintain the Fund exposure in government Securities up to 39.73% of the fund size. Return of the fund for the month of Jan'16 stood at -2.06% p.a.

SF: In the month of Jan'16, the Fund posted a return of -2.12%. Sharp decline in the oil prices following the lift-off of US sanctions from Iran and continued sell-off in the international markets amid slow economic growth prospects of China remained the prime reasons behind the disappointing performance of the local bourse. Foreigners remained net seller again on a monthly basis for the 7th consecutive month taking total outflow in 7MFY16 to -USD297mn. Upon closer inspection, E&P heavyweights were the major underperformers of the index in first half of month as Arab Light slid to more than a decade low of USD 21/barrel. However, the trend reversed when oil prices recovered sharply in the wake of short squeeze in financial markets and expectations of an agreement to cut output between OPEC and Russia. On the local front, the State Bank of Pakistan kept the policy rate unchanged at 6% in its latest announcement since inflation is expected to remain low, external account is likely to improve, GDP growth will be sustained and fiscal account is also expected to remain within target. This is expected to provide relief to the Banking sector stocks. Upcoming corporate result announcements will likely drive the market upward.

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-Jan-2016

	Debt	Equity
Money Market	85.5022	151.1095
NAV (PKR)		
127.3728	128.4867	317.2815
Leverage	Nil	

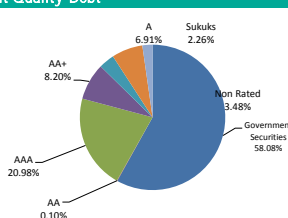
Fund Returns (%)

	Debt p.a	**Equity	MM p.a
Return Since Inception	6.82%	217.28%	6.56%
Year to Date Return	1.88%	-3.20%	2.07%
Calendar Year to Date Return	-4.25%	-2.12%	-2.06%
1 Month Return	-4.25%	-2.12%	-2.06%
3 Month Return	0.06%	-2.44%	0.81%
6 Month Return	1.40%	-4.98%	1.58%
1 Year Return	3.57%	-0.57%	3.95%
Daily Average Return (Since Inception)	0.02%	0.12%	0.02%
Standard Deviation (Since Inception)	0.11%	0.99%	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

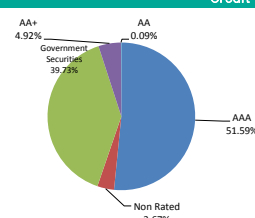
* Returns have been calculated as per MUFAP's formula

**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 1397 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. 2.93/0.91%, Rs 0.40/0.33% and Rs 0.47/0.37% respectively.

Risk Level



Sector Allocation Equity

Sector Allocation Equity	%	Top 10 Equities	%
Cements	19.79%	Fauji Cement	6.32%
Power Generation & Distribution	8.27%	Hub Power Company	6.02%
Engineering	8.10%	Pakistan State Oil	5.85%
Fertilizers	7.44%	DG Khan Cement	5.35%
Pharmaceuticals	7.33%	Thal Limited	5.31%
Oil & Gas Marketing Companies	5.85%	Lucky Cement	4.85%
Automobile Parts and Accessories	5.31%	GlaxoSmithKline	4.54%
Transport	3.76%	Crescent Steel & Allied	4.17%
Automobile Assemblers	3.42%	Amreil Steels	3.93%
Others	30.73%	Pakistan National Shipping	3.76%

Asset Allocation

	HBL Money Market		HBL Debt		HBL-Equity	
	31-Jan-16	31-Dec-15	31-Jan-16	31-Dec-15	31-Jan-16	31-Dec-15
Govt. Securities	39.73%	40.87%	58.08%	60.17%	82.76%	93.18%
Others	3.67%	3.35%	3.48%	3.17%	3.47%	0.28%
Cash	56.60%	55.79%	2.26%	2.32%	13.77%	6.54%
			36.19%	34.34%		

Returns (%)*	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
HBL-IPF MMF*	9.06%	7.71%	6.66%	3.26%	4.92%	3.83%	0.31%	2.87%	1.98%	2.51%	-2.06%
HBL-IPF Debt*	8.47%	6.72%	5.09%	3.03%	4.69%	3.42%	2.11%	2.76%	1.75%	2.69%	-4.25%
HBL-IPF Equity**	-7.94%	11.20%	-3.35%	4.81%	1.88%	-0.15%	-6.70%	4.55%	-5.19%	5.14%	-2.12%

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

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