



ASSET MANAGEMENT

ايسيت مينجمنت

AMC Rating : AM2- by JCR-VIS

## FUND MANAGER'S REPORT (Islamic Funds)

March 2016

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### Fund Manager's Commentary

31-Mar-16

During the month under review, HBL Islamic Money Market Fund generated an annualized return of 3.39% against the benchmark return of 5.35%. On Year to Date basis, the fund generated an annualized return of 4.46%. 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

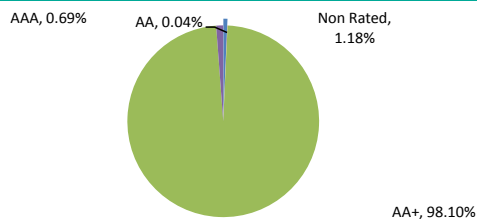
Net Assets	Rs. 479.549 million (31-Mar-16)
NAV	PKR 103.7648*
Launch Date	10-May-11
Management Fee	1% p.a
Expense Ratio	1.48%
Listing	Pakistan Stock Exchange
Trustee	Central Depository Co. of Pakistan
Auditor	KPMG Taseer Hadi & Co.
Benchmark	3-Month Deposit Rate
Type	Open End
Category	Islamic Money Market 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	
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-Mar-16)

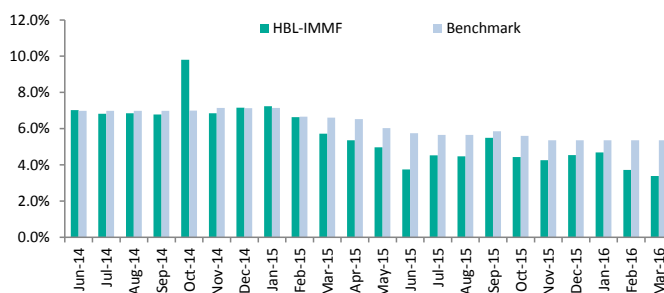


### Fund Returns (%)

	HBL-IMMF*	Benchmark
Annualized Return Since Inception	8.80%	6.76%
Year to Date Annualized Return	4.46%	5.51%
Calendar Year to Date Annualized Return	3.95%	5.36%
1 Month Annualized Return	3.39%	5.35%
3 Month Annualized Return	3.95%	5.36%
6 Month Annualized Return	4.21%	5.40%
1 Year Annualized Return	4.56%	5.66%
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

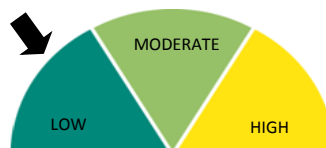
### HBL Islamic Money Market Fund Vs benchmark (MoM Returns)



### Asset Allocation (% of Total Assets)

	Mar'16	Feb'16
Cash	98.82%	98.97%
Govt Securities (Ijara Sukuk)	0.00%	0.00%
Others Including receivables	1.18%	1.03%
Term Deposit Receipts	0.00%	0.00%

### Risk Level (Low)



MUFAP's Recommended Format

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31-Mar-16

**Fund Manager's Commentary**

During the month of Mar'16, the fund posted absolute return of 7.5% vs. benchmark KMI30 return of 8.3%. Exposure in equities stood at 93.0% of the Net Assets. Recovery in the stock market can be attributed to healthy macros (mainly receding inflation, approval of IMF tranche along with acknowledgement of economic recovery by the IMF staff and unprecedented tax-collection), robust cement dispatches and recovery in global crude oil prices (WTI up 7.8%MoM). Simultaneously, trading activity also gained momentum with average daily trading volume rising by 8% to 147.4mn shares while average trading value clocked in at USD72.3mn (up 4.5%). Going forward, we will maintain overweight stance in Cements, Steel and Electricity owing to increase in demand from materialization of CPEC projects. Possible inclusion of PSX in MSCI EM will prove beneficial for Conglomerates (in the Shariah-compliant universe). We continue with our underweight stance in E&Ps as clarity is still weak on global crude oil prices.

**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. 741.100 million (31-Mar-16)
NAV	PKR 120.5038*
Launch Date	10-May-11
Management Fee	2% p.a
Expense Ratio	2.53%
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)**

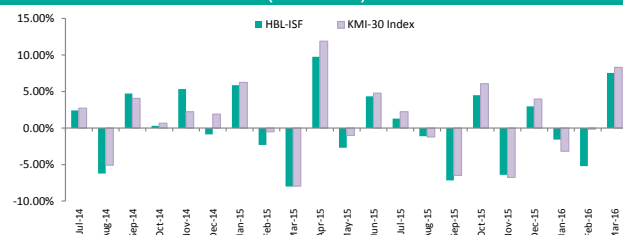
	Mar'16	Feb'16
Construction and materials	29.09%	23.16%
Power Generation & Dist.	12.78%	11.31%
Others	11.71%	10.36%
Engineering	9.19%	8.98%
OIL & GAS Exploration Co.	7.55%	1.90%
OIL & GAS Marketing Co.	7.05%	6.60%
Fertilizers	5.99%	5.38%
Automobile Assembler	3.85%	5.81%
Cable & Electrical Goods	2.95%	2.81%

**Fund Returns (%)**

	HBL-ISF*	Benchmark
Cumulative Return Since Inception	114.55%	187.27%
Year to Date Return (Cumulative)	-6.04%	1.65%
Calendar Year to Date Return (Cumulative)	0.32%	4.70%
1 Month Cumulative Return	7.54%	8.30%
3 Month Cumulative Return	0.32%	4.70%
6 Month Cumulative Return	1.04%	7.64%
1 Year Cumulative Return	5.58%	17.94%
Daily Average Return (Since Inception)	0.03%	0.09%
Standard Deviation (Since Inception)	1.23%	0.96%
Since Inception (CAGR)	16.87%	24.05%
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)**

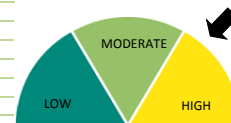


**Asset Allocation (% of Total Assets)**

	Mar'16	Feb'16
Cash	8.64%	22.90%
Stock/Equities	90.16%	76.43%
Others	1.20%	0.67%

**Top Ten Holding (31-Mar-16)**

Company Name	%	Risk Level (High)
Hub Power Co. Ltd	6.7%	LOW
D.G. Khan Cement	6.6%	MODERATE
Lucky Cement Limited	6.5%	HIGH
Engro Corporation Limited	6.0%	MODERATE
Pakistan State Oil	4.9%	MODERATE
Pakistan Petroleum Ltd	4.3%	MODERATE
Pioneer Cement	4.3%	MODERATE
Kohat Cement Limited	4.1%	MODERATE
Searle Pakistan Limited	3.9%	MODERATE
Fauji Cement Co.	3.8%	MODERATE



MUFAP's Recommended Format

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### Fund Manager's Commentary

31-Mar-16

In the month of Mar'16, HBL Islamic Asset Allocation Fund posted a return of 0.65%. Position in equity increased by 19.57% in the month of Mar'16. Ijara sukuk holding at the end of month stood at 59.41% of the fund size. KMI 30 Index increased by 8.3% and Net outflow of USD 11.30 million was witnessed in the month of March. The liquidity slightly improved with average daily volume increased by 11 million shares to 145 million shares. In Equity Portfolio, Fund has 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. 1124.921 million (31-Mar-16)
NAV	100.9006
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

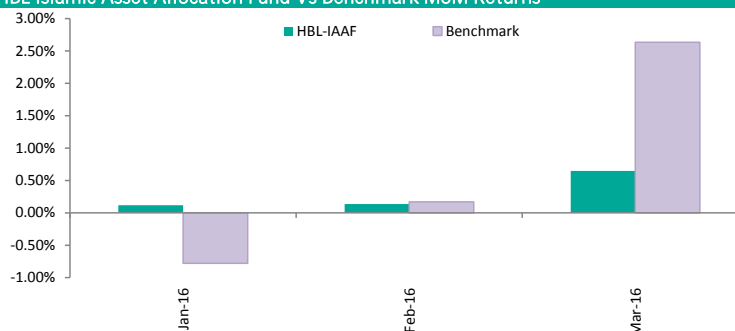
\* The scheme has maintained provisions against Worker Welfare Fund's liability to the tune of PKR NIL

### Fund Returns (%)

	HBL-IAAF*	Benchmark
Year to Date Return (Cumulative)	N/A	N/A
Calendar Year to Date Return (Cumulative)	N/A	N/A
1 Month Cumulative Return	0.65%	2.63%
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)	0.02%	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

\* Returns have been calculated as per MUFAP's formula

### HBL Islamic Asset Allocation Fund Vs Benchmark MoM Returns



### Asset Allocation (% of Total Assets)

	Mar'16	Feb'16
Cash	18.44%	39.50%
Ijarah Sukuk	59.41%	60.28%
Stock/Equities	19.57%	0.00%
Others	2.58%	0.23%

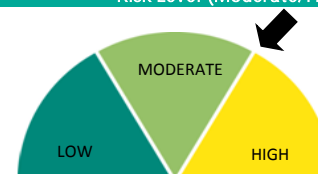
### Sector Allocation (% of Total Assets)

	Mar'16	Feb'16
CEMENT	7.32%	0.00%
ENGINEERING	3.89%	0.00%
OIL & GAS MARKETING C	1.89%	0.00%
FERTILIZER	1.75%	0.00%
PHARMACEUTICALS	1.72%	0.00%
TEXTILE COMPOSITE	1.15%	0.00%
CABLE & ELECTRICAL GOC	1.14%	0.00%
POWER GENERATION & C	0.70%	0.00%

### Top Ten Holding (31-Mar-16)

Lucky Cement	2.12%
Pakistan State Oil	1.89%
Crescent Steel & Allied Products	1.66%
Maple Leaf Cement	1.42%
Pioneer Cement	1.37%
DG Khan Cement	1.34%
Nishat Mills Ltd.	1.15%
Pak Elektron	1.14%
Amreli Steels Ltd	1.12%
Mughal Steel	1.10%

### 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 Mar'16 stood at 72.57%. The fund's return for the month stood at 6.60% p.a.

**MMF:** The Fund's exposure in government Securities at the end of Mar'16 stood at 30.08% of the fund size. Return of the fund for the month of Mar'16 stood at 3.92% p.a.

**SF:** In the month of Mar'16, the Fund return stood at 7.21%. Fund equity exposure at the end of month stood at 90.39% in terms of Total Assets of the fund. In the month of Mar'16, KMI 30 Index increased by 8.30%. Net outflow of USD 11.30 million was witnessed in the month of March. The liquidity slightly improved with average daily volume increased by 11 million shares to 145 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

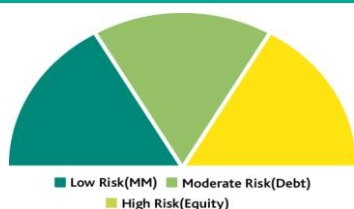
**Fund Facts**

Launch Date	16-Dec-11
Management Fee	1.5% p.a
Trustee	Central Depository Co. of Pakistan
Auditor	Delloitte 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-March-2016**

Money Market	Debt	Equity
62.6063	84.6525	150.2005
NAV (PKR)		
127.8471	129.5185	326.0210
Leverage	Nil	

**Risk Level**



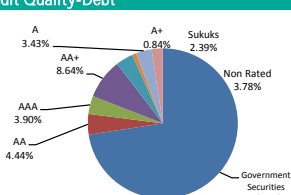
**Fund Returns (%)**

	Debt p.a	**Equity	MM p.a
Return Since Inception	6.80%	226.02%	6.42%
Year to Date Return	2.55%	-0.53%	2.12%
Calendar Year to Date Return	1.76%	0.58%	0.79%
1 Month Return	6.60%	7.21%	3.92%
3 Month Return	1.76%	0.58%	0.79%
6 Month Return	2.09%	4.81%	1.63%
1 Year Return	3.17%	12.05%	3.08%
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

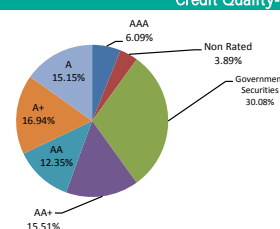
\* Returns have been calculated as per MUFAP's formula

\*\*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. 3.03/0.93%, Rs 0.41/0.32% and Rs 0.46/0.36% respectively.

**Sector Allocation Equity**

Sector Allocation Equity	%	Top 10 Equities	%
Cements	21.59%	Hub Power Company	8.77%
Power Generation & Distribution	10.98%	Fauji Cement	6.80%
Pharmaceuticals	9.29%	Pakistan State Oil	6.37%
Engineering	8.96%	Engro Corporation	5.91%
Oil & Gas Marketing Companies	6.37%	DG Khan Cement	5.86%
Fertilizers	5.91%	Thal Limited	5.45%
Automobile Parts and Accessories	5.45%	Lucky Cement	5.37%
Cable & Electrical Goods	3.98%	GlaxoSmithKline	5.03%
Oil & Gas Exploration	3.64%	Crescent Steel & Allied	4.70%
Others	23.82%	Searl	4.26%

**Asset Allocation**

	HBL Money Market		HBL Debt		HBL-Equity	
	31-Mar-16	29-Feb-16	31-Mar-16	29-Feb-16	31-Mar-16	29-Feb-16
Govt. Securities	30.08%	39.81%	72.57%	57.71%	90.39%	86.25%
Others	3.89%	3.97%	3.78%	3.85%	3.90%	0.40%
Cash	66.03%	56.22%	21.26%	36.00%	5.71%	13.35%

Returns (%)*	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
HBL-IPF MMF*	6.66%	3.26%	4.92%	3.83%	0.31%	2.87%	1.98%	2.51%	-2.06%	0.50%	3.92%
HBL-IPF Debt*	5.09%	3.03%	4.69%	3.42%	2.11%	2.76%	1.75%	2.69%	-4.25%	3.03%	6.60%
HBL-IPF Equity**	-3.35%	4.81%	1.88%	-0.15%	-6.70%	4.55%	-5.19%	5.14%	-2.12%	-4.15%	7.21%

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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