

HBL

ASSET MANAGEMENT

AMC Rating – AM3+ by JCR-VIS

FUND MANAGER'S REPORT DECEMBER 2011

HBL MoneyMarketFund

HBL IncomeFund

HBL StockFund

HBL MultiAssetFund

HBL IslamicStockFund

HBL IslamicMoneyMarketFund

Introducing HBL Pension Funds!

HBL PensionFund

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HBL IncomeFund**Investment Objective:**

The objective of the Fund is to provide a stable stream of income with moderate level of risk by investing in fixed income securities.

Fund Manager's Commentary:

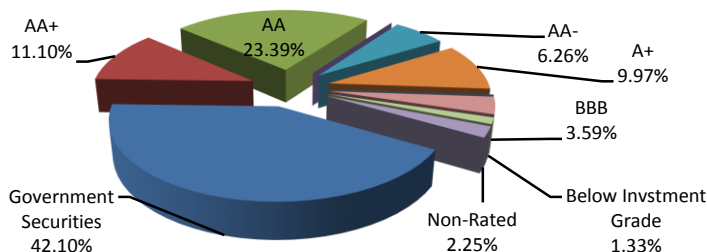
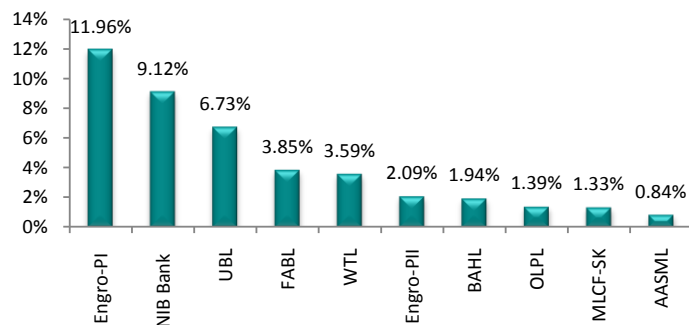
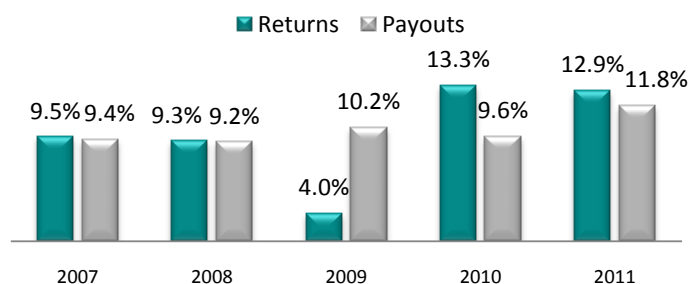
The calendar year 2011 ended up on a pleasant note as during the month of Dec '11, the fund has earned annualized return on 26.79% as against the benchmark of 11.98%. This massive increase has been witnessed due to reversal of provision which was made in previous month. Moreover, the fund's asset allocation during the month remained same as previous month.

Fund Information

Fund Type: Open-end
 Category: Income Scheme
 Launch Date: March 15, 2007
 Net Assets: PKR 1.623 Billion
 NAV: PKR 102.7026
 Benchmark: 6 Month KIBOR
 Dealing Days: Monday-Friday
 Cut-off Time: 9:00 AM-3:00 PM (Mon-Fri)
 Price Mechanism: Forward Pricing
 Management Fee: 1.5% per annum
 Front End/Back End Load: Nil/Nil
 Trustee: Central Depository Company of Pakistan Ltd.
 Auditors: KPMG Taseer Hadi & Co.
 Asset Manager Rating: AM3+ (JCR VIS Credit Rating Company Ltd.)
 Fund Stability Rating: A (f) (JCR VIS Credit Rating Company Ltd.)
 Risk Profile: Moderate
 Leverage: Nil
 Weighted Average time to maturity: 2.33 years
 Members of Investment Committee: Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq and Noman Qurban

Fund Returns (%)	HBL IF	Benchmark*
Year to Date	12.86%	12.80%
Since Inception	10.11%	11.88%
Calendar Year 2011	13.32%	13.19%
Trailing 12-months	13.32%	13.19%

Asset Allocation (% of Total Assets)	Dec '11	Nov '11
Cash	2.17%	1.27%
Term Deposit Receipts	9.14%	9.22%
TFCs	44.34%	44.85%
PIBs	1.46%	1.52%
T-Bills	40.64%	41.69%
Others including receivables	2.25%	1.45%

Asset Quality of Portfolio (% of Total Assets)**Top Ten TFC Holding (% of Total Assets)****Returns and Payout History %**

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	11.32%	14.73%	10.19%	6.62%	9.09%	26.79%	-	-	-	-	-	-	12.86%
2010-11	6.47%	13.78%	19.49%	0.00%	7.64%	22.23%	-5.81%	16.51%	46.45%	7.34%	12.09%	23.38%	12.90%

Name of Non-Compliant Investment (in Millions PKR)	Type	Value of Investment before Provision	Provision Held	Value of Investment after Provision	% of Net Assets	% of Gross Assets
Maple Leaf Cement Factory	Sukuk	34.96	13.02*	21.91	1.35%	1.33%
New Allied Electronics	TFC	19.33	19.33	-	-	-
New Allied Electronics	Sukuk	44.15	44.15	-	-	-
Eden Housing Ltd.	Sukuk	13.26	13.26	-	-	-
Agri Tech Ltd.	TFC	9.99	9.99	-	-	-
Saudi Pak Leasing Company Ltd.	TFC	6.87	6.87	-	-	-
Engro Fertilizer Ltd.	TFC	240.00	9.44**	230.56	14.20%	14.05%

*This represents unrealized diminution in price of MLCF amount to PKR 2.54 million

** This represents unrealized diminution in price of Engro Fertilizer P-I and Engro Fertilizer P-II amount to PKR 9.44 million

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Investment Objective:

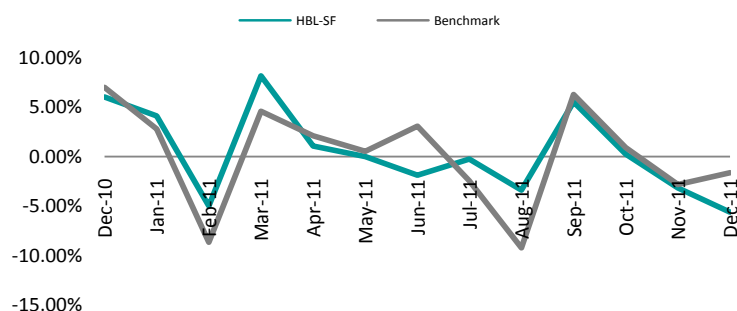
The objective of the Fund is to provide long-term capital growth by investing primarily in a diversified pool of equities and equity related instruments.

Fund Manager's Commentary:

HBL SF outperformed the benchmark KSE 100 index by posting YTD return of -7.06% as opposed to -9.19%. Investment in Equities was increased from 86.36% of TA in Nov '11 to 87.29% of TA in Dec '11. During the month, exposure in Oil and Gas sector was increased from 31.82% of TA to 33.02% of TA whereas exposure in Chemical sector decreased to 14.55% of TA from 16.12% of TA.

Fund Returns (%)	HBL SF	Benchmark*
Year to Date	-7.06%	-9.19%
Since inception	13.13%	-7.09%
Calendar Year 2011	-0.59%	-5.61%
Trailing 12 months	-0.59%	-5.61%
*KSE-100 Index		

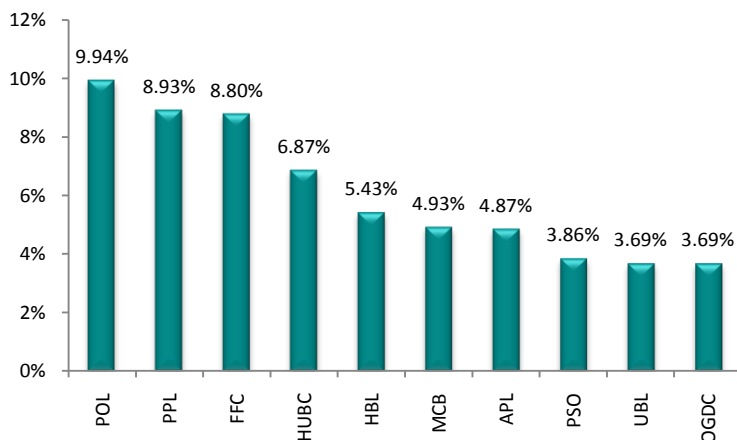
HBL SF M-o-M Return Vs Benchmark (KSE 100 index)



Fund Information

Fund Type:	Open-end
Category:	Equity Scheme
Launch Date:	August 27, 2007
Net Assets:	PKR 1.846 Billion
NAV:	PKR 87.1303
Benchmark:	KSE-100 Index
Dealing Days:	Monday-Friday
Cut-off Time:	9:00 AM – 3:00 PM
Price Mechanism:	Forward Pricing
Management Fee:	3.0% per annum
Front End/Back End Load:	2.5%/Nil
Trustee:	Central Depository Co. of Pakistan Ltd.
Auditors:	KPMG Taseer Hadi & Co.
Asset Manager Rating:	AM3 + (JCR VIS Credit Rating Co. Ltd.)
Risk Profile:	High
Leverage:	Nil
Members of Investment Committee:	Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq and Noman Qurban

Stock Allocation – Top Ten Holdings % of Total Assets



Asset Allocation (% of Total Assets)	Dec '11	Nov '11
Cash	2.16%	1.16%
Stocks/Equities	87.29%	86.36%
T-Bills	9.23%	10.8%
Others including receivables	1.31%	1.68%

Sector Allocation (% of Total Assets)	Dec '11	Nov '11
Oil and Gas	33.02%	31.82%
Chemicals	14.55%	16.12%
Banks	16.34%	16.59%
Electricity	11.69%	11.33%
Personal Goods	3.26%	3.16%
Others	8.43%	7.34%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	-0.22%	-3.37%	5.5%	0.27%	-3.15%	-5.61%	-	-	-	-	-	-	-7.06%
2010-11	7.56%	-5.22%	0.87%	4.64%	5.80%	6.05%	4.13%	-4.99%	8.18%	1.08%	0.01%	-1.87%	28.19%

Name of Non-Compliant Investment (In Millions PKR)	Type	Value of Investment before Provision	Provision Held	Value of Investment after Provision	% of Net Assets	% of Gross Assets
Dewan Cement Limited	TFC	25 million	25 million	-	0.00%	0.00%

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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 securities, derivatives and money market instruments etc.

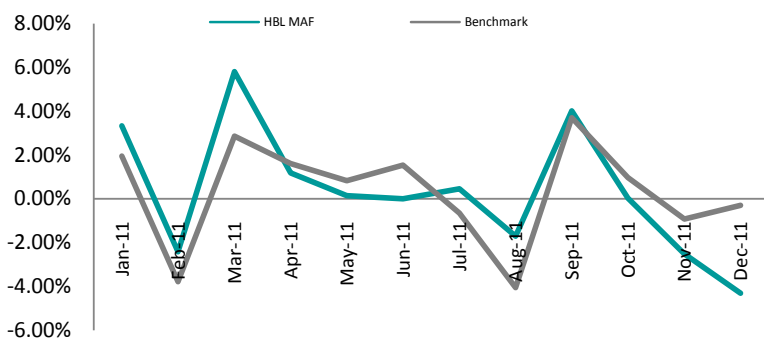
Fund Manager's Commentary:

The fund has earned -4.32% for the month and registered year to date return of -3.68% against benchmark YTD return of -1.38%. Moreover, during the month, the fund has invested 11.91% of Total Assets (TA) Dec '11 in TFC's as against 11.62% of (TA) Nov '11. However, the fund has invested 15.28% (TA) Dec' 11 in Government Securities and no significant change has been made in Equities.

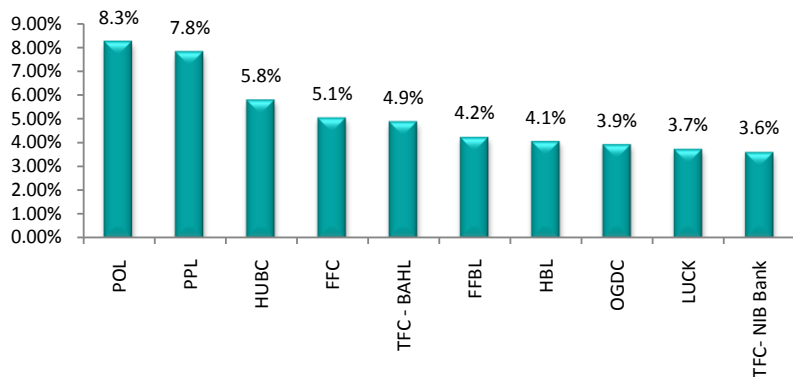
Fund Returns (%)	HBL MAF	Benchmark*
Year to Date	-3.68%	-1.38%
Since Inception	16.31%	16.02%
Calendar year	4.72%	3.76%
Trailing 12 months	4.72%	3.76%

*50% KSE-100 Index & 50% 1-M KIBOR

HBL MAF M-o-M Return Vs Benchmark



Top Ten Holdings % of Total Assets



Fund Information

Fund Type: Open-end
 Category: Balanced Scheme
 Launch Date: December 14, 2007
 Net Assets: PKR 321.081 Million
 NAV: PKR 81.0600
 Benchmark: 50% KSE-100 Index & 50% 1-M KIBOR
 Dealing Days: Monday-Friday
 Cut-off Time: 9:00 AM-3:00 PM
 Price Mechanism: Forward Pricing
 Management Fee: 2.0% per annum
 Front End/Back End Load: 2.0%/Nil
 Trustee: Central Depository Co. of Pakistan Ltd
 Auditors: KPMG Taseer Hadi & Co.
 Asset Manager Rating: AM3 + (JCR VIS Credit Rating Co. Ltd.)
 Risk Profile: Moderate/High
 Leverage: Nil
 Members of Investment Committee: Shahid Ghaffar, Rehan N. Shaikh, Mr. Amir Khan, Umar Farooq and Noman Qurban

Asset Allocation (% of Total Assets)	Dec '11	Nov '11
Cash	6.88%	6.69%
TFCs	11.91%	11.62%
Stocks/Equities	63.48%	63.73%
T-Bills	15.28%	14.44%
Others Including Receivables	2.44%	3.52%

Sector Allocation (% of Total Assets)	Dec '11	Nov '11
Oil and Gas	23.77%	23.22%
Chemicals	10.63%	11.74%
Electricity	9.84%	9.84%
Banks	11.79%	12.24%
Construction and Materials	6.00%	5.26%
Others	1.45%	1.43%

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	0.45%	-1.17%	4.01%	0.2%	-2.53%	-4.32%	-	-	-	-	-	-	-3.68%
2010-11	5.53%	-3.20%	-0.47%	3.90%	3.80%	4.25%	3.33%	-2.42%	5.81%	1.17%	0.15%	0.00%	23.55%

Details of non-compliant investments (securities below investments grade- Rs in Million)

Name of Non-Compliant Investment	Type	Value of Investment before Provision	Provision Held	Value of Investment after Provision	% of Net Assets	% of Gross Assets
Saudi Pak Leasing Company	TFC	19.28	19.28	1	0.00%	0.00%
Dewan Cement Limited	TFC	25.00	25.00	-	0.00%	0.00%

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Investment Objective:

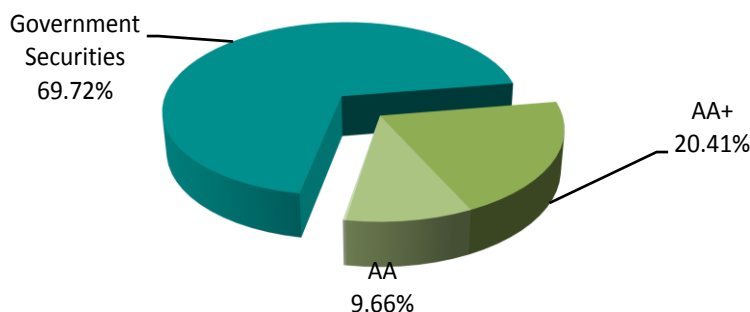
The objective of the Fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.

Fund Manager's Commentary:

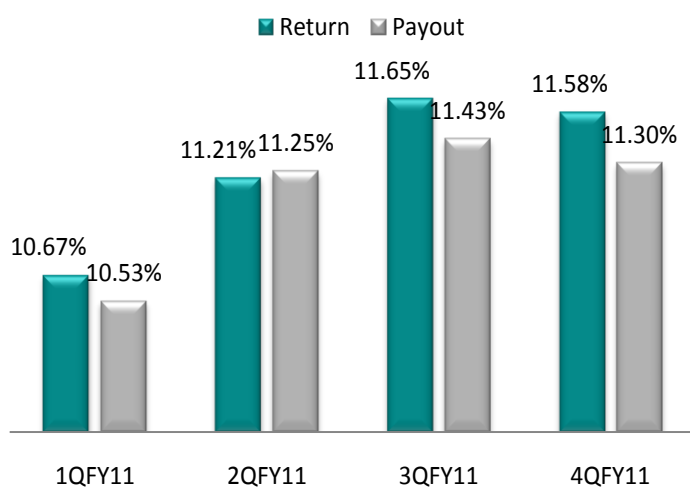
During the month of Dec '11, the fund has yielded annualize return of 9.73% against the benchmark of 9.97%. Moreover, on CY basis, the fund has generated 11.49% p.a. versus the benchmark of 11.16%. Due to higher return at term deposits, the fund has increased its placement in TDR to 29.59% of total assets (TA) from 12.78% of TA in previous month where as the fund has divested from T-bills to 69.72% of TA from 86.95% of TA previously. The weighted average maturity (WAM) of the fund stood at 72.60 days from 79.5 days in previous month. The fund manager is actively managing WAM to remain competitive and yield higher return.

Asset Allocation (% of Total Assets)	Dec '11	Nov '11
Cash	0.48%	0.22%
T-Bills	69.72%	86.95%
Term Deposit Receipts	29.59%	12.78%
Others Including Receivables	0.21%	0.04%

Asset Quality of Portfolio (% of Total Assets)



Annualized Return and Payout History (%)



Fund Information

Fund Type: Open-end
 Category: Money Market Scheme
 Launch Date: July 12, 2010
 Net Assets: PKR 7.745 Billion
 NAV: PKR 103.2108
 Benchmark: 50% 3-M PKRV & 50% 3-M Deposit Rate
 Dealing Days: Monday-Friday
 Cut-off Time: Mon-Fri (9:00 AM-3:00 PM)
 Price Mechanism: Forward Pricing
 Management Fee: 1.00% per annum
 Front End/Back End Load: Nil/Nil
 Trustee: Central Depository Co. of Pakistan Ltd.
 Auditors: KPMG Taseer Hadi & Co.
 Asset Manager Rating: AM3 + (JCR VIS Credit Rating Co. Ltd.)
 Fund Stability Rating: AA+ (f) (JCR VIS Credit Rating Co. Ltd.)
 Risk Profile: Low
 Leverage: Nil
 Weighted Avg. time to maturity: 72.60 Days
 Members of Investment Committee: Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq, and Noman Qurban

Fund Returns (%)	HBL MMF	Benchmark*
Year to Date	11.82%	10.73%
Since Inception	11.64%	10.87%
Calendar Year 2011	11.49%	11.16%
Trailing 12-months	11.49%	11.16%

Return %	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	11.97%	12.37%	11.94%	13.59%	10.12%	9.73%	-	-	-	-	-	-	11.82%
2010-11	10.43%	10.33%	10.96%	11.11%	10.68%	11.77%	11.29%	11.95%	11.75%	12.15%	11.27%	11.63%	11.54%

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Investment Objective:

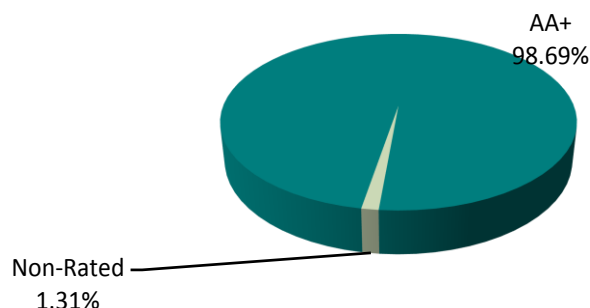
The objective of HBL Islamic Money Market Fund is to seek high liquidity, competitive return and maximum possible preservation of capital for investors by investment in low risk Shariah Compliant securities.

Fund Manager's Commentary:

During Dec '11, the fund has yielded annualize return of 9.41% as compared to benchmark of 8.01%. Asset allocation of the fund remained same as previous month. Net Assets of the fund stood at PKR 425.5 mn as at Dec 31 2011. Moreover, the weighted average maturity (WAM) of the fund stood at 47.4 days from 78.28 days in previous month.

Asset Allocation (% of Total Assets)	Dec '11	Nov'11
Cash	5.21%	9.00%
Term Deposit Receipts	93.47%	90.02%
Others Including Receivables	1.31%	0.98%

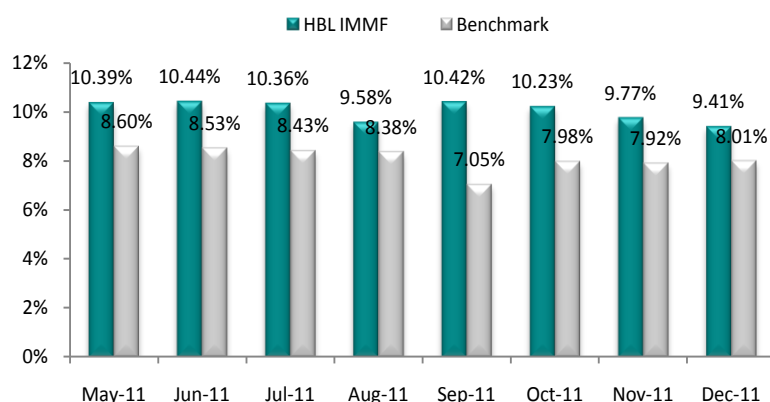
Asset Quality of Portfolio (% of Total Assets)



Fund Information

Fund Type:	Open-end
Category:	Islamic Money Market Scheme
Launch Date:	May 10, 2011
Net Assets:	PKR 425.535 Million
NAV:	PKR 102.8424
Benchmark:	3-M Deposit Rate
Dealing Days:	Monday-Friday
Cut-off Time:	Mon-Fri (9:00 AM-3:00 PM)
Price Mechanism:	Forward Pricing
Management Fee:	1.00% per annum
Front End/Back End Load:	Nil/Nil
Trustee:	Central Depository Co. of Pakistan Ltd.
Auditors:	KPMG Taseer Hadi & Co.
Asset Manager Rating:	AM3 + (JCR VIS Credit Rating Co. Ltd.)
Risk Profile:	Low
Leverage:	Nil
Weighted Avg. time to maturity:	47.4 Days
Members of Investment Committee:	

Annualized MoM Return Vs Benchmark



Shahid Ghaffar, Rehan N.
Shaikh, Amir Khan, Umar
Farooq, and Noman Qurban

Fund Returns (%)	HBL IMMF	Benchmark*
Year to Date	10.10%	7.95%
Since Inception	10.26%	8.11%

Return %	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	10.36%	9.58%	10.42%	10.23%	9.77%	9.41%	-	-	-	-	-	-	10.10%
2010-11	-	-	-	-	-	-	-	-	-	-	10.39%	10.44%	10.46%

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HBL IslamicStockFund

Investment Objective:

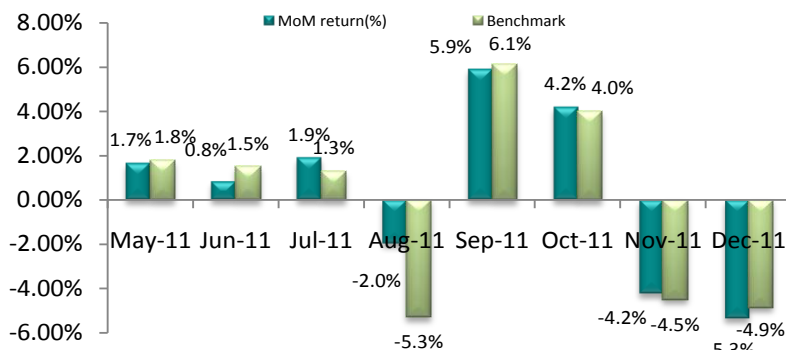
The objective of HBL Islamic Stock fund is to achieve long-term capital growth by investing mainly in Shariah Complaint Equity securities.

Fund Manager's Commentary:

During December 2011, KMI 30 index moved down by 4.9% and HBL ISF posted a return of -5.32%. HBL ISF registered YTD return of -0.04% as compared to benchmark return of -3.81%. Asset allocation during the month has changed slightly as investment in Equity increased to 83.14% of TA as compared to 83.03% of TA in previous month. The fund increased its investment in Oil and Gas sector which increased to 40.74% of TA in Dec '11 from 39.79% of TA in Nov '11.

Fund Returns (%)	HBL ISF	Benchmark*
Year to Date	-0.04%	-3.81%
Since Inception	2.46%	-0.63%
*KMI 30 Index		

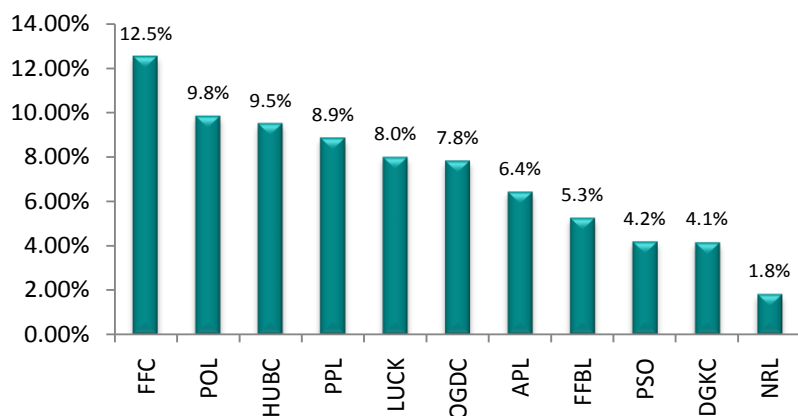
MoM Return Vs Benchmark



Fund Information

Fund Type:	Open-end
Category:	Equity Scheme
Launch Date:	May 10 th 2011
Net Assets:	PKR 273.645 million
NAV:	PKR 100.9107
Benchmark:	KMI 30 Index
Dealing Days:	Monday-Friday
Cut-off Time:	9:00 AM – 3:00 PM
Price Mechanism:	Forward Pricing
Management Fee:	2.00% per annum
Front End/Back End Load:	2.00%/Nil
Trustee:	Central Depository Co. of Pakistan Ltd.
Auditors:	KPMG Taseer Hadi & Co.
Asset Manager Rating:	AM3 + (JCR VIS Credit Rating Co. Ltd.)
Risk Profile:	High
Leverage:	Nil
Members of Investment Committee:	Shahid Ghaffar, Rehan N. Shaikh, Amir Khan, Umar Farooq and Noman Qurban

Stock Allocation – Major Holdings % of Total Assets



Asset Allocation (% of Total Assets)	Dec '11	Nov '11
Cash	6.13%	7.56%
Stocks/Equities	83.14%	83.03%
Others	10.73%	9.41%

Sector Allocation (% of Total Assets)	Dec '11	Nov '11
Oil and Gas	40.74%	39.79%
Chemicals	19.81%	21.46%
Electricity	9.5%	9.66%
Construction and materials	12.13%	12.12%
Personal Good	0.96%	-

Returns (%)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2011-12	1.91%	-1.96%	5.89%	4.18%	-4.21%	-5.32	-	-	-	-	-	-	-0.04%
2010-11	-	-	-	-	-	-	-	-	-	-	1.66%	0.83%	2.50%

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Disclaimer: All investments in Voluntary Pension Schemes are subject to market risks. The value of investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Investors are advised in their own interest to carefully read the contents of respective offering documents of the funds in particular the Investment Policies, Risk Disclosures and Warnings mentioned and also consult their legal, financial or tax advisor before making any investment decision.

HBL | ASSET MANAGEMENT

Jahan Khwab, Wahan HBL

Savvy and ready for tomorrow!

He's farsighted and in control of his future because, unlike the rest of us, he knows that he needs to invest in HBL Pension Funds today. He knows that the sooner he invests, the more cash he will be able to accumulate for a stress-free retirement.

HBL Pension Funds invest in flexible equity, debt and money market schemes, helping him achieve long-term savings that he can count on. He can look forward to a financially secure retirement with HBL Pension Funds and juggle all of today's responsibilities with ease.

After all, tomorrow is just another day.

Features and benefits of funds:

- Minimum investment from Rs. 500
- In HBL IslamicPensionFund, investment is as per guidance of Shariah Advisor
- Tax credit of up to 20% of taxable income for individuals
- Long term savings and facility of portability of account
- Flexible asset allocation and flexible contribution options

(021) 35290171-86

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