

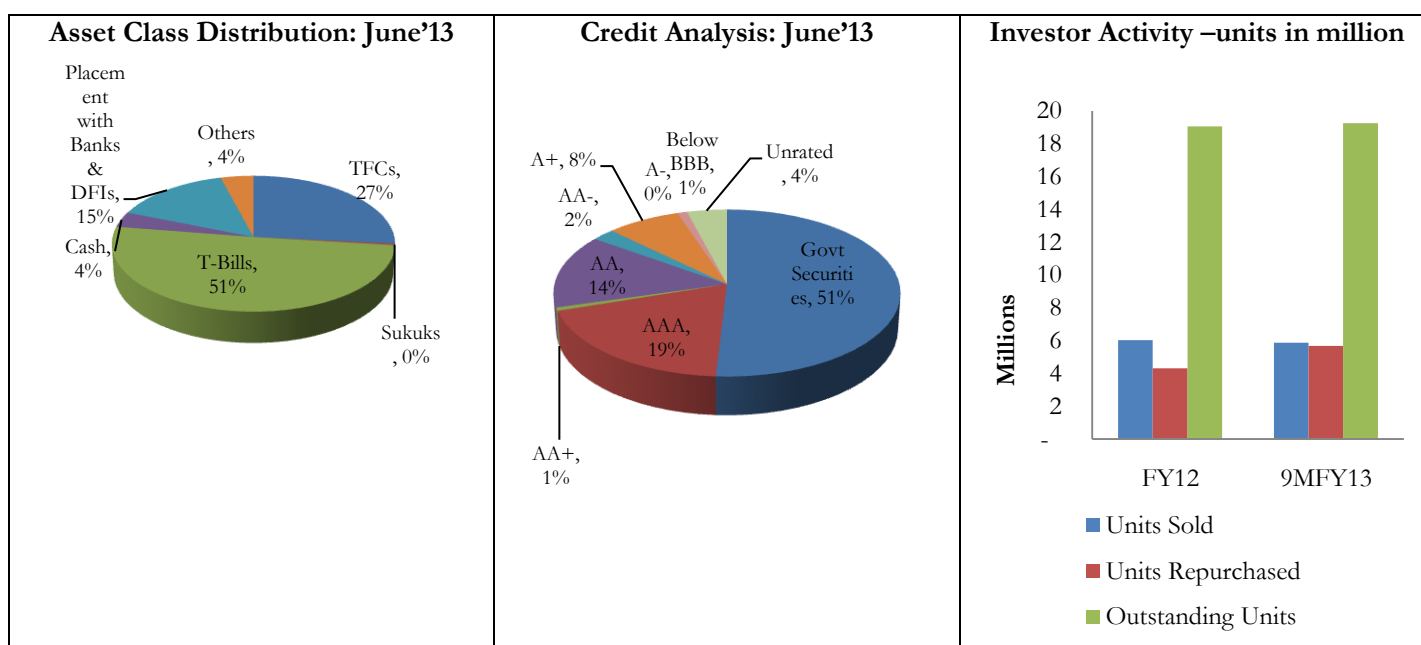
November 27, 2013

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**Investment Objective**

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

HBL INCOME FUND (HBL IF)		
Rating Category	Latest	Previous
Fund Stability Rating	<b>A(f)</b> <i>Oct 28, 2013</i>	<b>A(f)</b> <i>Jan 01, 2013</i>
Management Company	HBL Asset Management Company Limited	
Chief Executive	Mr. Rehan N. Shaikh	
Fund Manager	Mr. Muhammad Amir Khan	
External Auditors – Fund	KPMG Taseer Hadi & Co	
Trustee	Central Depository Company	
Front-end Load	-	
Back-end Load	-	
Management Fee	1.5% per annum	
Benchmark	6 Month KIBOR	



Launched in 2007, HBL Income Fund (HBL IF) is structured as an income fund. Net assets of the fund depicted a marginal decline on a year-on-year basis and were recorded at Rs. 1.95b at end-Jun'13 (end-Jun'12: Rs. 1.97b). Asset allocation of the fund is tabulated below.

<b>T-bills</b>	49.1%	47.6%
<b>Commercial Paper</b>	0.1%	0.3%
<b>Other assets</b>	2.6%	2.4%
<b>Total (in Rs. Millions)</b>	1,947	1,967

	Average FY13	Average FY12
<b>Sukuk/TFC</b>	29.3%	42.7%
<b>Term Deposits</b>	13.7%	4.1%
<b>Cash</b>	3.3%	1.5%
<b>PIBs</b>	1.9%	1.4%

Duration of the fund was 0.46 at end-FY13. Around one-half of the fund's assets are invested in T-bills while investment in PIBs was offloaded towards the end of FY13. The fund also carried modest investment in Ijarah Sukuk amounting to Rs. 7m as at end-Jun'13.

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Fund's exposure in corporate debt instruments amounted to Rs. 565m as at end-Mar'13 (end-Jun'12: Rs. 576m). Of these, more than 70% comprised TFCs issued by commercial banks. During FY13, the fund took fresh exposure in TFCs of Standard Chartered Bank (Pakistan) Limited while debt instruments of Bank Alfalah Limited and Sui Southern Gas Company Limited matured. The fund fully provided against the debt instrument of Maple Leaf Cement and Eden Housing Limited during FY13 while additional provisional was made against TFC of World Call Telecom. Resultantly, value of non performing investments, net of provision, comprises 1.1% of total net assets of the fund at end-FY13. Remaining exposure remained unchanged as compared to end-FY12. Risk profile of corporate debt instruments held in the fund is presented in the following table:

	Credit Quality	% of net assets
<b>Mar'13</b>		
<b>Banks</b>		
Faysal Bank Limited	AA-	3.3
NIB Bank Limited	A+	7.7
United Bank Limited	AA	5.7
Standard Chartered Bank (Pakistan) Limited	AAA	
Bank Al Habib Limited	AA	1.7
<b>Others</b>		
WorldCall Telecom Limited	Non-performing	1.1
Al-Abbas Sugar Mills Limited	A+	0.4
Engro Fertilizers – PI	A	4.7
Engro Fertilizers – PII	A	1.7
Eden Housing Limited	Non-performing	0.3
<b>Aggregate</b>		<b>26.6%</b>

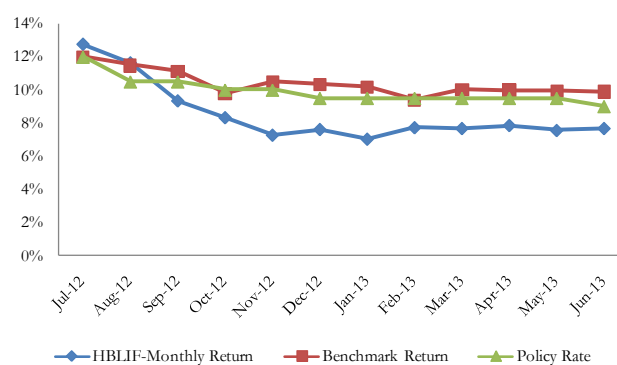
Investor profile of the fund features significant concentration with top ten investors holding 90% of outstanding units at end-Mar'13. Parent bank remains the largest investor with over 50% holding.

During FY13, performance of HBL IF remained subdued and the return ranking of the fund fell considerably as compared to prior year. This is on account of provisioning taken against non-performing investments. As tabulated below, return of the fund was

also lower than the benchmark i.e. 6M KIBOR. Going forward, returns may benefit from reversal against provisions given repayments are made inline with the restructuring terms.

	FY13	FY12
<b>Total Return</b>	8.6%	12.5%
<b>Peer Group Return Ranking</b>	21 out of 25	6 out of 27
<b>Benchmark Return</b>	9.9%	12.4%
<b>Maximum Return in Peer Group</b>	13.3%	15.5%
<b>Peer Group Average</b>	9.7%	10.2%

\*Returns are adjusted for WWF provision



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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability</u></b>				
28-Oct-13	A(f)			Reaffirmed
01-Jan-13	A(f)			Reaffirmed
30-Dec-11	A(f)			Reaffirmed
01-Apr-10	A(f)			Reaffirmed

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