

Date: January 4, 2021

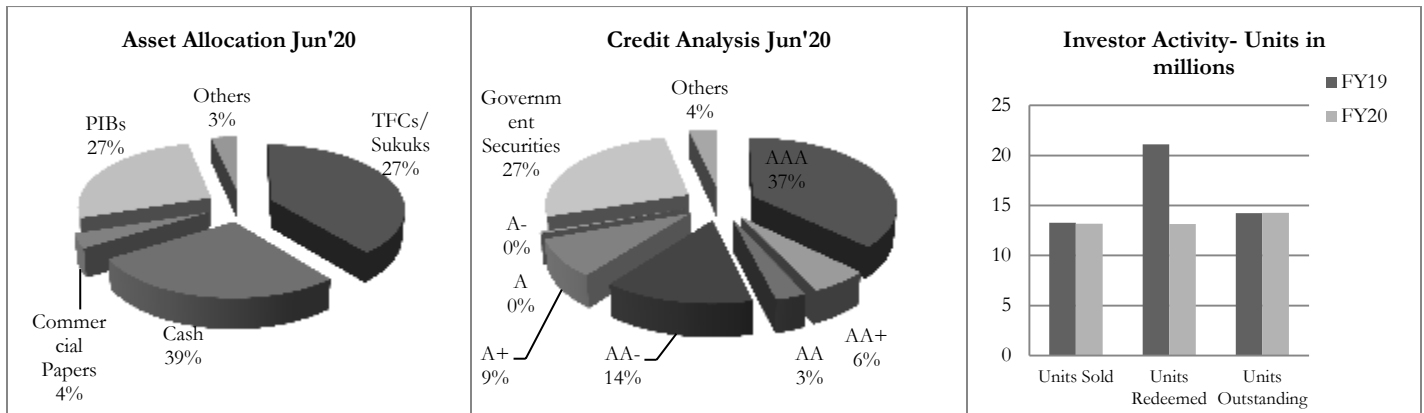
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Investment Objective

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

	HIF	
	FY19	FY20
Type of Scheme	Income	
Return (%)	8.8%	13.28%
Benchmark (%)	10.2%	12.22%
Peer Average (%)	8.3%	13.56%
Relative Ranking	6 out of 19	10 out of 19
Fund Size (in Rs. m)	1,511	1,544
Retail (%)	52%	89%
Associates (%)	15%	0%
Number of Investors	940	974
Top 10 Investors / AUMs	47%	44%
Fund Stability Rating	A(f)	A+ (f)
Management fee	1.25-1.50%	1.3080%
WATM (at end-June)	852	857
Average Asset Allocation		
<i>Corporate TFCs</i>	52%	27%
<i>Government backed / issued Securities</i>	0%	27%
<i>Other Receivables</i>	4%	3%
<i>Commercial Paper</i>	9%	4%
<i>Cash</i>	34%	39%

HBL Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A+ (f)	A(f)
	<i>Dec 30, 2020</i>	<i>Dec 30, 2019</i>
AMC	HBL Asset Management Limited	
External Auditors – Fund	Yousuf Adil, Chartered Accountants	
Fund Managers	Mr. Wamiq Sakrani	
Trustee	Central Depository Company	
Front-end Load	Upto 1.5%	
Back-end Load	-	
Management Fee	1.3080%	
Bechmark	6 Month KIBOR	



HBL Income fund is an open end mutual fund managed by HBL Asset Management. Objective of the fund is to provide a stable stream of income to its investors through investments in fixed income instruments.

During FY20, the fund size remained stagnant at 1.5b (FY19 1.5b) Maximum and minimum limits have been stated in the fund’s Investment Policy Statement (IPS) in order to restrict the fund’s exposure in various sources of risk.

Table 1: Approved Investment Avenues-Offering document (extract)

Description	Min Issuer Rating	Min Instrument Rating
Secured, Unsecured & Unlisted debt securities issued by local governments, other government agencies, private or public sector entities or financial institutions	N/A	IG*
Treasury bills (T-Bills), Pakistan Investment Bond, Federal Investment Bonds and other Government Securities;	N/A	N/A
Cash and near cash instruments including cash in bank accounts (excluding TDRs), T-Bills not exceeding 90 days maturity	IG*	N/A
Non traded securities, including reverse repos, bank deposits, certificate of investments (COI) and	IG*	N/A

certificate of Musharikas (COM) and anything over six months maturity which is not a marketable security		
Commercial papers	A-	A2
Continuous Funding System (CFS) & Spread Transactions	N/A	N/A
Foreign fixed income securities issued; listed or otherwise and	As specified by the Commission	

*Investment Grade

Investment Committee (IC) comprises Chief Executive Officer, Head of Fixed Income, Head of Risk, and Head of Research. All investment decisions are consensus based.

Asset Allocation:

Table 2: Asset Allocation

Asset Class Distribution	Jun'19	Jun'20
Corporate TFCs	52%	27%
PIBs	0%	27%
Placements with Banks	0%	0%
Cash & Others Inc. Rec.	38%	42%
Commercial Paper	9%	4%

The fund's net assets primarily remained concentrated in corporate TFCs and cash placements at end-June'20. The fund also managed to preserve 27% of its assets in PIBs, remaining portion of the investment portfolio comprised of commercial paper. Barring months of April'20 and May'20, the fund complied with the specified requisites as stated in the Offering Document (OD) of the fund.

Credit Quality

Table 3: Credit Quality:

Credit Quality	Average	Maximum	Minimum
AAA	11%	37%	1%
AA+	9%	19%	6%
AA	6%	18%	3%
AA-	30%	62%	7%
A+	11%	17%	9%
A	7%	25%	0%
A-	1%	4%	0%
Government Securities	21%	62%	2%
Others	5%	7%	3%

Over a month-on-month analysis, the fund parked around 30% of its assets in AA- and above rated avenues (FY19 66%) 21% of assets were placed in government securities. The fund complied with the specified credit quality requisites for the assigned ratings.

Market Risk

During FY20, WAM of the fund remained within the specified limit of 4 years as per assigned ratings. Maximum and minimum WAM was reported at 983 and 716 days at end-Oct'19 and end-Jul'19 respectively. However, several instances depict breaches in the modified duration of the fund specifically in the last quarter of the fund and end-Oct'19 and end-Nov'19.

Liquidity Profile

Contribution by retail investors witnessed an increase during FY20 to 89% (FY19: 52%). Total number of investors amounted to 974 (FY19: 940). Contribution of assets from associates declined to 0% during the year (FY18: 15%). Top-10 investor concentration was also reported at 44% (FY19: 40%)

Fund Performance

Table 4: Fund Performance

Performance	FY19	FY20
Return (%)	8.8%	13.28%
Benchmark (%)	10.2%	12.22%
Peer Average (%)	8.3%	13.56%
Relative Ranking	6 out of 19	10 out of 19

Performance of the fund is benchmarked against 6 months KIBOR. During FY20, the fund generated a return of 13.28% (FY19 8.8%) out-performing its benchmark of 12.22%. However, the fund under-performed its peer average of 13.56%. Relative to its peers the fund ranked 10th out of a total of 19 funds.

Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
RATING TYPE: Fund Stability Management Quality				
30-Dec-20	A+ (f)	-	-	Upgrade
30-Dec-19	A(f)	-	-	Reaffirmed
26-Dec-18	A(f)	-	-	Reaffirmed
29-Dec-17	A(f)	-	-	Reaffirmed
11-Jan-17	A(f)	-	-	Reaffirmed
14-Jan-16	A(f)	-	-	Reaffirmed
13-Mar-15	A(f)	-	-	Reaffirmed
28-Oct-13	A(f)	-	-	Reaffirmed
1-Jan-13	A(f)	-	-	Reaffirmed

FINANCIAL SUMMARY		<i>(amounts in PKR millions)</i>	
<u>BALANCE SHEET</u>		FY19	FY20
Paid Up Capital		NA	NA
Total Equity		NA	NA
<u>INCOME STATEMENT</u>			
Total income		203	228
Profit Before Tax		160	190
Profit After Tax		160	190
<u>RATIO ANALYSIS</u>			
Net Cash Generated from Operating Activities		416	247
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA