

HBL Income Fund (HBL IF)

Managed By: HBL Asset Management Limited

Fund Stability Rating

Latest Rating

A+(f)

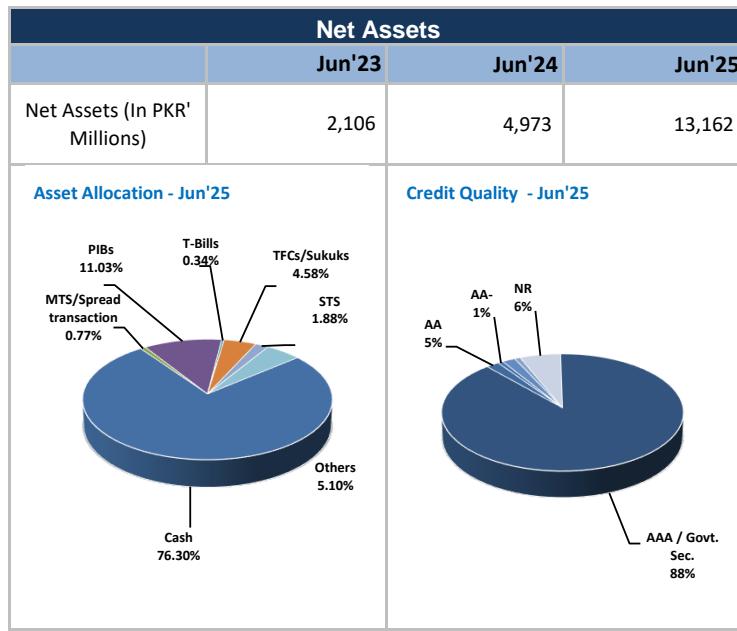
29-Dec-25

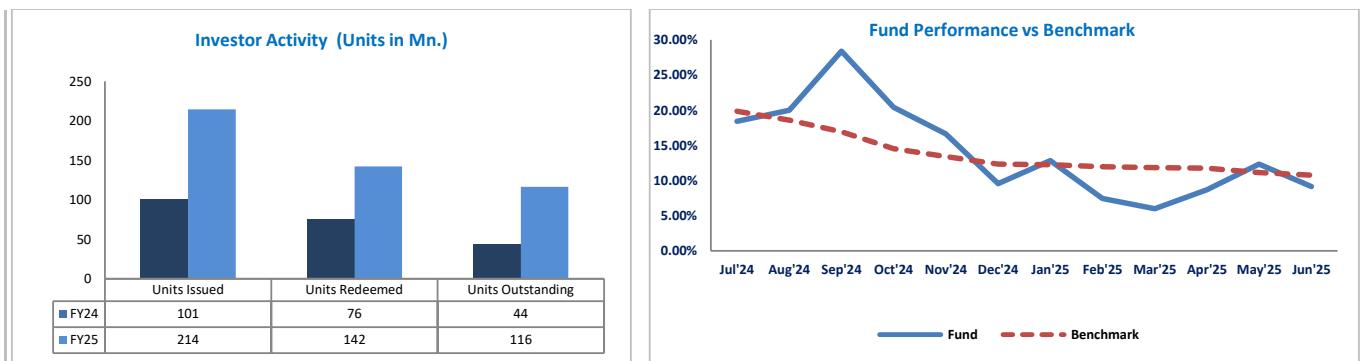
What is Fund Stability Rating

Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors an impartial gauge of the primary areas of risk that income funds may face, including credit risk, liquidity risk, and interest rate risk.

| Fund Information | | Fund Overview |
|------------------|--|--|
| Launch Date | March 17, 2007 | HBL Income Fund (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on September 06, 2006, between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. |
| Fund Type | Open End | |
| Category | Income Scheme | |
| Risk Profile | Medium | |
| Auditor | A.F.Ferguson & Co., Chartered Accountants | |
| Trustee | Central Depository Company of Pakistan Limited | |
| Front-end Load | Up to 2.00% | |
| Back-end Load | Nil | |
| Benchmark | 75% (6) months PKRV rates + 25% (6) months avg. deposit rate (3) AA rated Banks by MUFAF | |
| MQR Rating | AM1 (VIS) | |
| Mgt. Fee | 1.00% - 2.15% p.a. | |

| Offering Document (Extract) | | |
|--|--------------------------------|-----------------------|
| Description | Minimum rating | Min- Max Limits |
| Secured, Unsecured & Unlisted debt securities issued by local governments, other government agencies, private or public sector entities or financial institutions | Investment Grade | 0%-75% |
| Treasury bills (T-Bills), Pakistan Investment Bond, Federal Investment Bonds and other Government Securities; | - | 0%-100% |
| Cash and near cash instruments including cash in bank accounts (excluding TDRs), T-Bills not exceeding 90 days maturity | Investment Grade | 25%-100% |
| Non traded securities, including reverse repos, bank deposits, certificate of investments (COI) and certificate of Musharikas (COM) and anything over six months maturity which is not a marketable security | Investment Grade | 0%-15% |
| Commercial papers | A-/A2 | 0%-25% |
| MTS & Spread Transactions | - | 0%-40% |
| Foreign fixed income securities issued; listed or otherwise and traded outside Pakistan on such terms, guide lines and directions as may be issued by the Commission and State Bank of Pakistan from time to time. | As specified by the Commission | 0%-30% (cap of \$15m) |





| Credit Quality (FY'25) | | | | Avg. Asset Allocation (% wise) | | FY'24 Avg. | FY'25 Avg. |
|----------------------------|---------|---------|---------|------------------------------------|------------------|--------------|--------------|
| Portfolio Maturity (FY'25) | Average | Maximum | Minimum | | | | |
| AAA / Govt. Sec. | 79.34% | 94.90% | 48.42% | Cash | | 31.51% | 16.01% |
| AA+ | 0.72% | 7.61% | 0.00% | Gov. Backed/ Guaranteed Securities | | 19.25% | 0.00% |
| AA | 3.07% | 5.14% | 1.90% | MTS/Spread transaction | | 9.07% | 0.42% |
| AA- | 5.89% | 40.52% | 0.76% | PIBs | | 5.18% | 22.54% |
| A+ | 3.37% | 13.00% | 0.82% | T-Bills | | 8.45% | 46.25% |
| A | 0.00% | 0.00% | 0.00% | TFCs/Sukuk | | 14.89% | 6.96% |
| A- | 0.00% | 0.00% | 0.00% | Placement with Banks & DFI | | 5.86% | 0.56% |
| NR | 4.02% | 9.13% | 0.54% | Commercial paper | | 2.13% | 0.00% |
| Total | 100.00% | 0.00% | 0.00% | Others | | 3.67% | 4.46% |
| Fund Performance | | | | | FY'24 | FY'25 | |
| WAM (In Days) | 414 | 527 | 170 | 1460 | Total Return | 22.35% | 15.13% |
| Duration (In Days) | 172 | 248 | 52 | 1460 | Benchmark Return | 21.87% | 13.79% |
| | | | | | Peer Average | 21.38% | 15.63% |
| | | | | | Peer Ranking | 14 out of 26 | 28 out of 46 |

Fund Stability Analysis

The HBL Income Fund has been assigned a rating of A+(f). This rating indicates a moderate degree of stability in the Net Asset Value (NAV) of the fund. It suggests that the fund has exhibited a stable performance with a medium level of risk. The rating may vary with possible changes in the economy.

Asset Allocation:

During FY25, the Fund's Assets Under Management grew by approximately 165% Y/Y, reaching Rs. 13.0b as of Jun'25 (Jun'24: Rs. 4.9b). Throughout the period, the Fund's asset allocation remained aligned with the parameters set out in the offering document. Investments were primarily deployed in T-Bills (~46%), followed by PIBs (~22.5%), Cash (~16.0%), and TFCs/Sukuks (~7%).

Credit Quality:

During FY25, approximately 79% of the Fund's portfolio was invested in Government Securities and AAA-rated instruments, reflecting a conservative credit stance. Remaining cash balances were placed with banks rated A+ and above, supporting overall portfolio credit quality.

Market and Liquidity Risk:

The Fund's weighted average time to maturity (WAM) remained within the limit prescribed in the offering document, averaging 414 days, which indicates controlled duration exposure.

Liquidity profile of the Fund is considered sound, given liquid assets make up ~85% of total assets. Retail investors represent majority of the Fund's investment, constituting ~87% of the portfolio while corporate investors make up ~12% of the Fund's size.

Fund Performance:

During FY25, the Fund yielded an annualized return of 15.13%, outperforming its benchmark but underperforming the peer average, placing it in the third quartile.

Financial Snapshot

| | FY24 | FY25 |
|-------------------------|-------|---------|
| BALANCE SHEET | | |
| Paid Up Capital | N/A | N/A |
| Total Equity | N/A | N/A |
| INCOME STATEMENT | FY24 | FY25 |
| Total Income | 997.5 | 1,350.1 |
| Profit Before Tax | 878.0 | 1,128.8 |
| Profit After Tax | 878.0 | 1,128.8 |
| RATIO ANALYSIS | FY24 | FY25 |
| Current Ratio (x) | N/A | N/A |
| Gearing (x) | N/A | N/A |
| FFO | N/A | N/A |

| Regulatory Disclosures | | | |
|-------------------------------------|---|----------------------------|-----------------------------|
| Name of Rated Fund | HBL Income Fund | Sector | Mutual Funds |
| Type of Relationship | Solicited | Purpose of Rating | Fund Stability Rating (FSR) |
| Rating History | | | |
| Rating Type | Rating Date | Medium to Long Term | Rating Action |
| Fund Stability | 29-Dec-25 | A+(f) | Reaffirmed |
| Fund Stability | 3-Mar-25 | A+(f) | Reaffirmed |
| Fund Stability | 2-Jan-24 | A+(f) | Reaffirmed |
| Fund Stability | 29-Dec-22 | A+(f) | Reaffirmed |
| Fund Stability | 13-Jan-22 | A+(f) | Reaffirmed |
| Fund Stability | 31-Dec-20 | A+(f) | Upgrade |
| Statement by the Rating Team | VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. | | |
| Probability of Default | VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default. | | |
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| Rating Methodology | https://docs.vis.com.pk/Methodologies-2025/FSR-Methodology-Jan-2025.pdf | | |
| Rating Scale | https://docs.vis.com.pk/docs/VISRatingScales.pdf | | |

| Lead Analyst | Analyst |
|--|--|
| Amin Hamdani | Abdul Ahad Jamsa |
| amin.hamdani@vis.com.pk | ahad.jamsa@vis.com.pk |

Note: VIS' mutual fund rating is not a recommendation to buy, sell, or hold any fund, in as much as it does not comment as to suitability for a particular investor.