

HBL Government Securities Fund (HBL GSF)

Managed By: HBL Asset Management Limited

Fund Stability Rating

Latest Rating

AA-(f)

3-Mar-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

Launch Date	July 23, 2010
Fund Type	Open End
Category	Sovereign Income Fund
Risk Profile	Medium
Auditor	Yousuf Adil & Co. Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Up to 2%
Back-end Load	Nil
Benchmark	Six Months PKRV Rate
MQR Rating	AM1
Mgt. Fee	1.50% p.a

Fund Overview

HBL Government Securities Fund (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on July 23, 2010, between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

The investment objective of the Fund is to provide consistent returns to its investors through active investments in a blend of short, medium and long term securities issued and / or guaranteed by Government of Pakistan. The Fund will aim to provide superior risk adjusted returns through active duration and liquidity management tools.

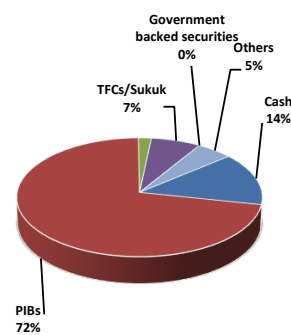
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Government Securities issued and/ or Guaranteed by GoP including Reverse Repo against Government Securities	N/A	70%-100%
Cash in Bank Accounts (excluding term deposits) and Government Securities up to 90 days Maturity	'A' or above in case of cash in banks	10% - 30% in case of cash in bank accounts & 0% to 100% in case of Tbilis of less than 90 days
Reverse Repo (up to six months only) against Government Securities	N/A	0-90%
Deposit with Scheduled Banks, DFI's and NBFC including TDR's, Letter of Placement (LOP), Certificate of Deposit and Certificate of Musharaika of less than 6 months	A' or above	0-30%
Deposit with Scheduled Banks, DFI's and NBFC including TDR's, Letter of Placement (LOP), Certificate of Deposit and Certificate of Musharaika of greater than 6 months	A' or above	0-15%
Authorized investments in overseas markets including mutual funds. Overseas investments would be subject to prior approvals/guidelines of SECP and SBP;	A' or above	Cap of USD 15m
Spread Transactions and MTS as approved by the Stock Exchanges and the SECP;	N/A	0-10%
Commercial papers	A' or above	0-20%
Term Finance Certificates / Sukuk	A' or above	0-20%

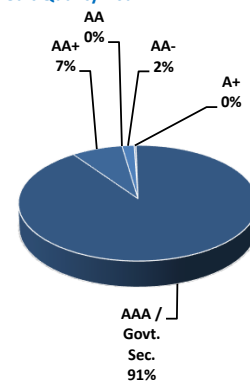
Net Assets

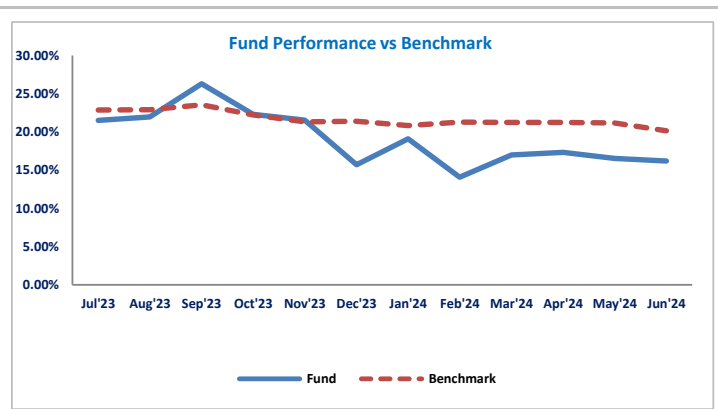
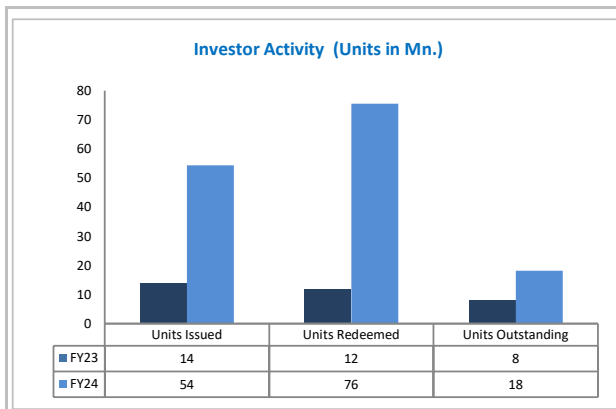
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR Millions)	631	776	2,060

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (FY'24)				Avg. Asset Allocation (% wise)		
	Average	Maximum	Minimum		FY'23 Avg.	FY'24 Avg.
AAA / Govt. Sec.	69.09%	90.95%	14.97%	Cash	22.00%	22.71%
AA+	0.63%	7.45%	0.00%	PIBs	49.98%	25.42%
AA	0.88%	4.99%	0.00%	T-Bills	5.76%	20.90%
AA-	4.84%	24.67%	0.19%	TFCs/Sukuk	8.07%	3.70%
A+	14.28%	28.21%	0.24%	Commercial paper	0.00%	0.00%
A	0.99%	6.04%	0.00%	Government backed securities	11.62%	24.25%
NR	9.30%	70.04%	0.05%	Others	2.58%	3.02%

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	
					FY'23	FY'24
WAM in year(s)	572.4	1116.0	104.0	1460.0	Total Return	14.88% / 20.92%
Duration (In Days)	358.3	617.0	38.0	1460.0	Benchmark Return	18.14% / 21.69%
					Peer Average	15.46% / 21.76%
					Peer Ranking	7 out of 9 / 10 out of 11

Fund Stability Analysis

HBL Government Securities Fund has been assigned a fund stability rating of AA-(f). This rating indicates a high degree of stability in the net asset value (NAV) of the fund. The risk associated with the fund is modest but may vary slightly due to changing economic conditions.

Asset Allocation:

During FY24, Assets Under Management (AUM) of the Fund peaked at Rs. 4.8b in Nov'24 before declining to Rs. 2.1b by Jun'24. During this period, the Fund's investments were largely in accordance with the parameters outlined in the offering document. On average, the Fund's investments were predominantly allocated to Government-issued and Government-backed Securities, with PIBs and T-Bills constituting ~25% and ~21% of the portfolio, respectively, while Government-backed Securities accounted for ~24% of the investments. Additionally, allocations to Cash and TFCs/Sukuks represented ~23% and ~4% of total assets, respectively.

Credit Quality:

During FY24, the Fund's credit exposures remained aligned with the guidelines stipulated in the offering document, which allow for investments in assets rated A and above. On average, the portfolio was primarily invested in Govt Sec/AAA rated avenues, constituting ~69% of the Fund's holdings, with the remainder was largely allocated to A+ (~14%) and AA- (~5%). However, investments, albeit nominal, were noted in A rated avenues in two months. 'Not Rated' exposures primarily comprised of receivables from the sale of securities, mainly government-issued and backed securities, along with accrued profit. Going forward, adherence of credit quality in line with rating benchmarks will remain important for the assigned rating.

Market and Liquidity Risk:

During FY24, the Weighted Average Time to Maturity (WAM) remained within the defined threshold outlined in the offering document, averaging 572 days as against the cap of 1,460 days

The Fund's liquidity profile is considered sound, with liquid assets constituting ~97% of total assets. The AUM is predominantly held by retail investors, comprising ~74% of the portfolio, followed by associates at ~17%, and the remaining portion held by corporate investors. Additionally, client concentration risk is high, with the top ten investors accounting for ~68% of the Fund's portfolio.

Fund Performance:

During FY24, the Fund's Year-to-Date (YTD) return stood at 20.92%, underperforming both its benchmark and peer average, placing the Fund in the fourth quartile.

Financial Snapshot

	FY23	FY24
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	87.9	583.3
Profit Before Tax	74.9	530.4
Profit After Tax	74.9	530.4
RATIO ANALYSIS		
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 Government Securities 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	3-Mar-25	AA-(f)	Reaffirmed
Fund Stability	2-Jan-24	AA-(f)	Reaffirmed
Fund Stability	29-Dec-22	AA-(f)	Downgrade
Fund Stability	3-Jan-21	AA(f)	Reaffirmed
Fund Stability	31-Dec-20	AA(f)	Upgrade
Fund Stability	30-Dec-19	A+(f)	Reaffirmed
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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