

**Date: December 27, 2018**

**Analysts:** Talha Iqbal  
Asfia Aziz

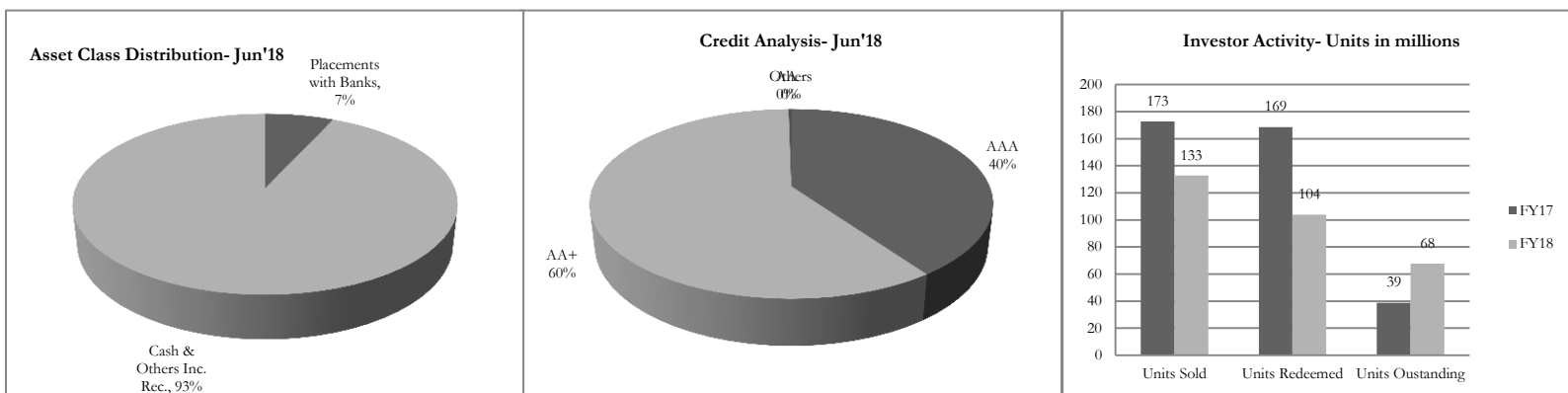
**Investment Objective**

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.

HBL Money Market Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>AA(f)</b>	<b>AA(f)</b>
	<i>Dec 26, 2018</i>	<i>Dec 29, 2017</i>
AMC	HBL Asset Management Limited	
External Auditors – Fund	Deloitte Yousuf Adil & Co.	
Fund Managers	Mr. Faizan Saleem	
Trustee	Central Depository Company	
Front-end Load	-	
Back-end Load	-	
Management Fee	10% of gross earning with floor of 0.75% & cap of 1% of the avg. daily N A of the scheme	
Benchmark	70% 3M PKRV & 30% 3M avg. deposits rate of 3 AA and above rated Banks	

	HMMF	
	FY17	FY18
Type of Scheme	Money Market	
Return (%)	6.5%	5.35%
Benchmark (%)	5.3%	5.32%
Peer Average (%)	6.8%	5.2%
Relative Ranking	13 out of 21	11 out of 21
Fund Size (in Rs. m)	3,942	7,249
Retail (%)	49%	50%
Associates (%)	5%	14%
Number of Investors	1,105	2,025
Top 10 Investors / AUMs	47%	53%
Fund Stability Rating	AA(f)	AA(f)
Management fee	1.00%	0.75%-1.00%
WATM (at end-June)	19	3
Modified Duration (at end-June)	18	3
<b>Average Asset Allocation*</b>		
<i>Corporate TFCs</i>	0%	0%
<i>Government backed / issued Securities</i>	24%	36%
<i>Others</i>	1%	1%
<i>Placements with Banks</i>	13%	15%
<i>Cash &amp; Others Inc. Rec.</i>	62%	49%

\*- FY17: Six Months Average and FY18: Twelve Months Average



HBL Money Market Fund (HBL MMF) is an open ended fund which offers high liquidity by investing in shorter duration securities. Net assets of the funds increased to Rs. 7.2b (FY17: Rs. 3.9b) at end-FY18, largely emanating from retail and corporate investors. As per the internal investment policy, the fund may park its assets in government paper or as deposits in financial institutions having rating of AA and above.

**Table 1: Offering document (extract)**

Description	Min-Max limits	Min-Max Actual	Min Rating
Treasury Bills and other Government Securities	0%-100%	0%-92%	-
Reverse Repo against Government Securities or other authorized investments	0%-50%		AA and above
Deposits with / Lending (under LOP) to scheduled banks	0%-100%		AA
Securities issued by Government owned, controlled or managed entities provided that such securities are backed by an irrevocable and unconditional Government guarantee	0%-20%		AA
Deposits with / Lending (under LOP) to DFIs	0-10%		AA
Certificate of Deposits (CODs), Certificate of Investment (COIs), Certificate of Musharaka	0-10%		AAA
Foreign Money Market Investments	30% (cap of \$15m)		AA or above

The Investment Committee (IC) comprises Chief Executive Officer, Chief Investment Officer, Head of

Research, Manager Risk, Head of Fixed Income, and Fund Manager Fixed Income. Investment decisions are consensus based.

**Credit Risk**

**Table 2: Asset Allocation**

Asset Class Distribution	Jun'17	Jun'18
Corporate TFCs	0%	0%
Commercial paper	2%	0%
T-Bills	0%	0%
Government backed / issued Securities	0%	0%
Placements with Banks	9%	7%
Cash & Others Inc. Rec.	88%	93%

Over 90% of the fund’s assets were invested as cash at end-June’2018 with the remaining held as placements with banks. Moreover, at end-Oct’2018, around 90.28% of the AUMs of the fund were parked in T-bills and remain in line with the asset allocation strategy.

**Table 3: Credit Quality**

Credit Quality	Average	Maximum	Minimum
AAA	74%	97%	37%
AA+	20%	60%	0%
AA	5%	47%	0%
NR	1%	3%	0%

The fund is allowed to invest in issuer/issue with a minimum credit rating of ‘AA’. Barring some instances during FY18 where the fund deployed resources in non-rated instruments; the fund has complied with credit

quality stipulations and invested in AA and above rated instruments/entities.

### **Market Risk**

**Table 4: Modified Duration**

<b>Month</b>	<b>Modified Duration (Days)</b>
Jul'17	45
Aug'17	31
Sep'17	6
Oct'17	35
Nov'17	26
Dec'17	21
Jan'18	52
Feb'18	51
Mar'18	7
Apr'18	55
May'18	33
Jun'18	3

During FY18, modified duration remained under the specified limit of 90 days. Given greater funds held as cash, WATM was reported lower as compared to last year (FY18: 3 days; FY17: 19 days). Maximum duration during FY18 was reported at 55 days at end-April'2018.

### **Liquidity Profile**

Based on higher investment by retail investors, retail proportion increased to 50% (FY17: 49%) as at end June'18. Similarly, number of investors doubled to 2,025 (FY17: 1105) at end-FY18. Top-10 investor concentration was reported at 53% (FY17: 47%) during FY18. Liquidity profile draws support from asset mix of the fund.

### **Fund Performance**

**Table 5: Fund Performance**

	<b>FY17</b>	<b>FY18</b>
Return (%)	6.5%	5.3%
Benchmark (%)	5.3%	5.4%
Peer Average (%)	6.8%	5.2%
Relative Ranking	13 out of 21	11 out of 21

Against benchmark defined as a weighted average of 3 month PKRV & 3 month deposit rate, the fund underperformed during the outgoing year. However, the fund out-performed the peer average with its rank marginally improving to 11/21 from 13/21 JCR-VIS

**Rating History**

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability</u></b>				
26-Dec-18	AA(f)	-	-	Reaffirmed
29-Dec-17	AA(f)	-	-	Reaffirmed
05-Jan-17	AA(f)	-	-	Reaffirmed
14-Jan-16	AA(f)	-	-	Reaffirmed
26-Dec-14	AA(f)	-	-	Reaffirmed
21-Oct-13	AA(f)	-	-	Reaffirmed
29-Mar-12	AA(f)	-	-	Harmonized