

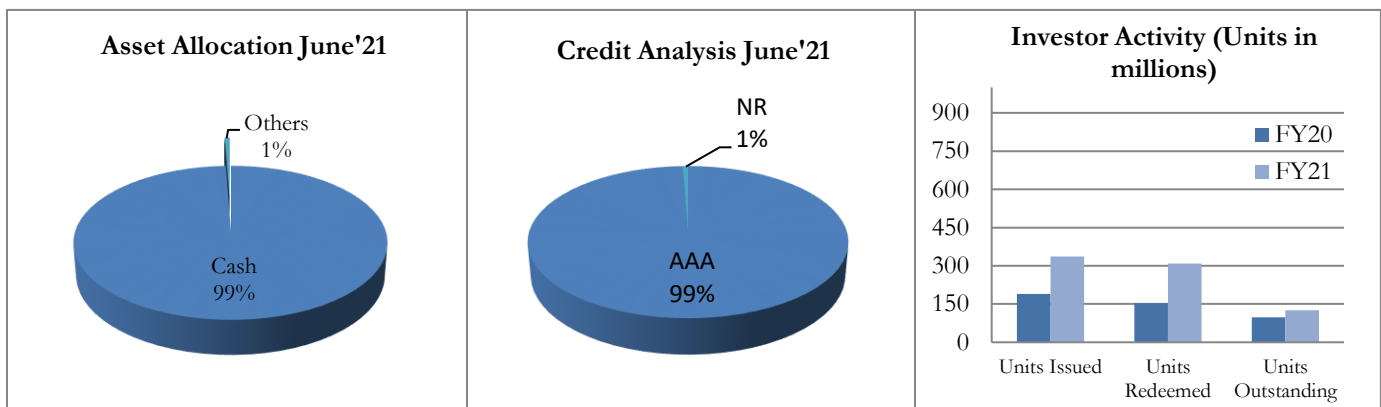
*Date: January 03, 2022*

**Analyst:** Muhammad Tabish

**Investment Objective**

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	AA+(f)	AA+(f)
	Jan 03, '22	Dec 31, '20
AMC	HBL Asset Management Limited	
External Auditors – Fund	Yousuf Adil Pakistan	
Trustee	Central Depository Company	
Front-end Load	Up to 1%	
Back-end Load	Nil	
Management Fee	0.20% to 0.45% per annum	
Benchmark	70% three (3) months PKRV rates + 30% three (3) months average deposit rate of three (3) AA rated scheduled Bank as selected by MUFAP	



HBL Money Market Fund (HBL MMF) is an open-ended money market fund designed to offer its investors with high liquidity through short-duration debt instruments. At end-FY21, the fund registered a sizeable growth with net asset amounting to Rs. 12.8b (FY20: Rs. 9.9b).

Investment Committee (IC) comprises key personnel from top management including CEO, Head of Fixed Income, Acting Head of Research and Head of Risk. All investment decisions are consensus based.

The fund’s exposure to various sources of risks has been maintained in actual asset allocation plan and credit quality requisites. As per investment policy, pre-defined exposure limits are in place for each investment avenue.

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

Description	Minimum Rating	Min- Max Limits
Cash in Bank Accounts	AA	0%-100%
Cash & Near Cash Instruments	-	10%-100%
Treasury Bills, Pakistan Investment Bonds and other Government Securities	-	0%-100%
Placements with Bank and DFI including Certificates of Deposit and TDR	AA	0%-80%
Commercial Paper	AA	0%-25%
Money Market placements, under LOP etc with Banks and DFIs	AA	0%-50%
Placement of Funds with NBFCs and Modaraba under letter of placement(LOP), Certificates of Deposits/Investment (COD/I) and Certificate of Musharika (COM)	NBFC/Modarba AAA, Microfinance Bank AA	0%-25%

Reverse Repo transactions against Government Securities or such securities with Banks & DFIs	AA	0%-90%
Reverse Repo transactions against Government Securities or such securities allowed under the Regulations from time to time with NBFCs & Modarba	AAA	0%-90%
Foreign money market income Securities and any other instruments issued, listed and traded outside Pakistan	AA	0%-30% (cap of \$15m)

### Asset Allocation:

Table 2: Asset Class Distribution:

Asset Allocation	Average FY'20	Average FY'21	Jun'21
Cash adjusted for accruals	47%	34%	99%
T-bills	38%	62%	0%
Commercial Paper	5%	1%	0%
Placement with Banks and DFIs	8%	3%	0%
Others	2%	0%	1%

The fund's asset allocation remained compliant with the standards specified in offering document. In the outgoing fiscal year, T-bills consistently received the highest allocation of the fund's resources, averaging at 62% month-on-month basis. Remaining investments comprised cash, commercial paper and bank placements.

### Credit Quality:

Table 3: Credit Quality

Credit Quality	Monthly Average	Maximum	Minimum
AAA	96%	100%	90%
AA+	3%	10%	0%
AA	0%	0%	0%
NR	1%	1%	0%

The Offering Document (OD) of the fund restricts exposure to AA rated securities and above, to which the fund complied throughout the review period. On a month-on-month average analysis, ~96% of fund's assets were deployed in AAA (or government securities) rated issue/issuer with a fractional investment in unrated instruments.

### Market Risk:

Weighted average maturity is capped at 90 days as per the fund's IPS. During FY21, Weighted Average Maturity (WAM) stood at 32 days with maximum duration of 76 days.

### Liquidity Profile:

Since last review, portfolio contribution by retail investors increased to 69% (FY20: 56%) of the fund's asset base. Top-10 investors' concentration is considered adequate with the same reporting at 22%. Total number of investors has crossed the 6K mark in FY21.

### Fund Performance:

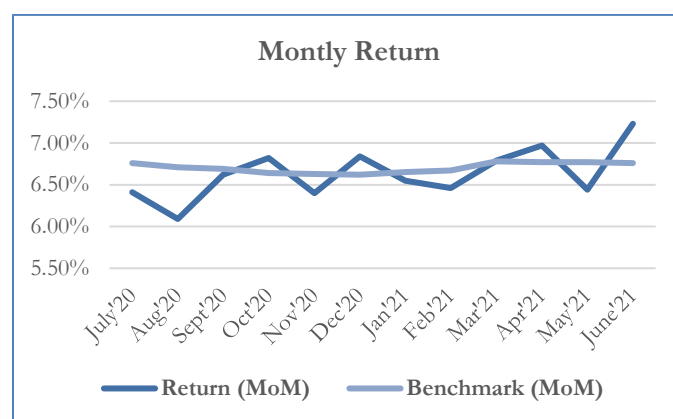


Table 4: Fund Performance:

Performance	FY20	FY21
Total Return	12.38%	6.84%
Peer Ranking	16/21	6/22
Benchmark Return	11.63%	6.71%
Peer Average	12.60%	6.79%

The fund underperformed vis-à-vis its benchmark rate in 7 out of 12 months during the outgoing fiscal year. However, with an annualized return of 6.84%, the fund performance was superior to the peer average. In line with the same, relative ranking of the fund has also depicted improvement.

**Rating History**

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	03-Jan-22	AA+ (f)	Reaffirmed
Fund Stability	31-Dec-20	AA+ (f)	Upgrade
Fund Stability	30-Dec-19	AA (f)	Reaffirmed
Fund Stability	26-Dec-18	AA (f)	Reaffirmed
Fund Stability	29-Dec-17	AA (f)	Reaffirmed
Fund Stability	05-Jan-17	AA (f)	Reaffirmed
Fund Stability	14-Jan-16	AA (f)	Reaffirmed
Fund Stability	26-Jan-14	AA (f)	Reaffirmed
Fund Stability	21-Oct-13	AA (f)	Reaffirmed
Fund Stability	29-Mar-12	AA (f)	Harmonized

<u>BALANCE SHEET</u>	FY20	FY21
Paid Up Capital	-	-
Total Equity	-	-
<u>INCOME STATEMENT</u>		
Total Income	1,137	960
Profit Before Tax	1,016	862
Profit After Tax	1,016	862
<u>RATIO ANALYSIS</u>		
Current Ratio (x)	-	-
Gearing (x)	-	-