

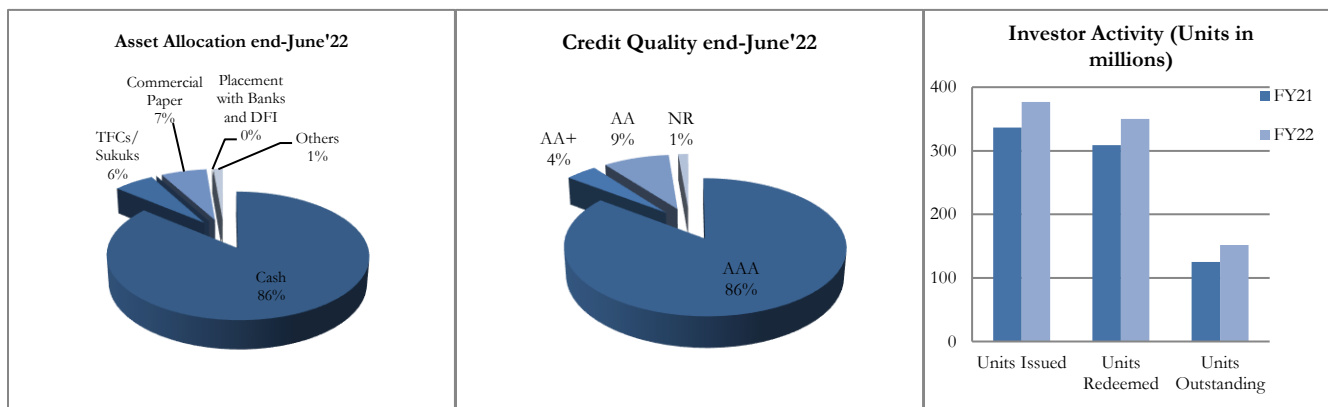
*Date: December 29, 2022*

**Analyst:** Musaddeq Ahmed Khan

**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)
	Dec 29, '22	Jan 03, '22
AMC	HBL Asset Management Limited	
External Auditors – Fund	A.F Ferguson Chartered Accountant	
Trustee	Central Depository Company	
Front-end Load	Up to 1%	
Back-end Load	Nil	
Management Fee	0.7% 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. As at Jun'22, the fund registered a sizeable growth with net asset amounting to Rs. 15.6b (Jun'21: Rs. 12.8b).

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%-90%
Securities issued by Government owned, controlled or managed entities provided that such securities are backed by an irrevocable and unconditional Government guarantee	AA	0%-20%
Commercial Paper/ Sukuk	AA	0%-20%
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/Modaraba AAA, Microfinance Bank AA	0%-20%
Reverse Repo against Government Securities or other authorized Investments	AA	0%-50%
Reverse Repo transactions against Government Securities or such securities allowed under the Regulations from time to time with NBFCs & Modaraba	AAA	0%-20%
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'21	Average FY'22	Jun'22
Cash adjusted for accruals	34%	50%	86%
TFCs/ Sukuk	0%	2%	6%
T-bills	62%	40%	0%
Commercial Paper	1%	6%	7%
Placement with Banks and DFIs	3%	2%	0%
Others	0%	1%	1%

During FY22, the fund's asset allocation was in compliance with the standards specified in the offering document. As at June'22, the fund's major holding was engrossed in Cash at 86%. However in FY22, average exposure has shifted from T-bills to Cash with the highest allocation of the fund's resources, averaging at 50% month-on-month basis.

### Credit Quality:

**Table 3: Credit Quality**

Credit Quality	Monthly Average	Maximum	Minimum
AAA	57%	98%	0%
AA+	34%	87%	1%
AA	9%	34%	1%
NR	0%	1%	-6%

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, 57% of fund's assets were

deployed in AAA (or government securities) rated issue/issuer and the remaining in 'AA+' and 'AA' with a fractional investment in unrated instruments.

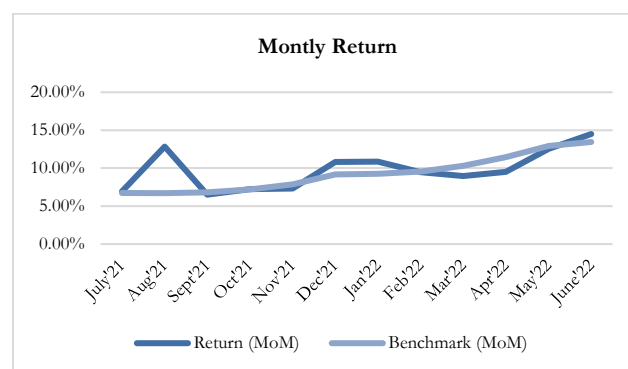
### Market Risk:

Weighted average maturity is capped at 90 days as per the fund's IPS. During FY22, Weighted Average Maturity (WAM) stood at 39 days (FY21: 32 days) with maximum duration of 69 days (FY21: 76 days).

### Liquidity Profile:

Since last review, significant portfolio is still contributed by retail investors 67% (Jun'21: 69%) as of Jun'22 of the fund's asset base. Top-10 investors' concentration is considered adequate with the same reporting at 25% (Jun'21: 22%). Total number of investors increased to 7,229 (Jun'21: 5,360) at end-June'22.

### Fund Performance:


**Table 4: Fund Performance:**

Performance	FY21	FY22
Total Return	6.84%	10.26%
Peer Ranking	6/22	16/21
Benchmark Return	6.71%	9.28%
Peer Average	6.79%	10.61%

The fund underperformed vis-à-vis its benchmark rate in 6 out of 12 months during the outgoing fiscal year. Moreover, with an annualized return of 10.26%, the fund performance was inferior to the peer average. In line with the same, relative ranking of the fund has worsen.

<u>BALANCE SHEET</u>	FY21	FY22
Paid Up Capital	-	-
Total Equity	-	-
<u>INCOME STATEMENT</u>		
Total Income	960	1,474
Profit Before Tax	862	1,394
Profit After Tax	862	1,394
<u>RATIO ANALYSIS</u>		
Current Ratio (x)	-	-
Gearing (x)	-	-

**ISSUE/ISSUER RATING SCALE & DEFINITIONS**

**Appendix I**

**VIS** Credit Rating Company Limited

**RATING SCALE & DEFINITIONS: FUND STABILITY RATING SCALE**

**AAA(f)**

Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions

**AA+(f), AA(f), AA-(f)**

High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economics conditions

**A+(f), A(f), A-(f)**

Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy

**BBB+(f), BBB(f), BBB-(f)**

Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy

**BB+(f), BB(f), BB-(f)**

Low degree of stability in NAV. Risk factors are sensitive to changes in the economy

**B(f)**

Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy

The FSR scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings.

FSRs may be placed under 'Rating-Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate re-evaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating-Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating-Watch' may result in a rating change, while the rating continues to be placed under 'Rating-Watch'.

REGULATORY DISCLOSURES		Appendix I		
<b>Name of Rated Fund</b>	HBL Money Market Fund			
<b>Sector</b>	Mutual Funds			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Fund Stability Rating (FSR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Outlook</b>	<b>Rating Action</b>
	29-Dec-22	AA+ (f)		Reaffirmed
	03-Jan-22	AA+ (f)		Reaffirmed
	31-Dec-20	AA+ (f)		Upgrade
	30-Dec-19	AA (f)		Reaffirmed
	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-Jan-14	AA (f)		Reaffirmed
	21-Oct-13	AA (f)		Reaffirmed
29-Mar-12	AA (f)		Harmonized	
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
<b>Probability of Default</b>	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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