

Date: January 15, 2018

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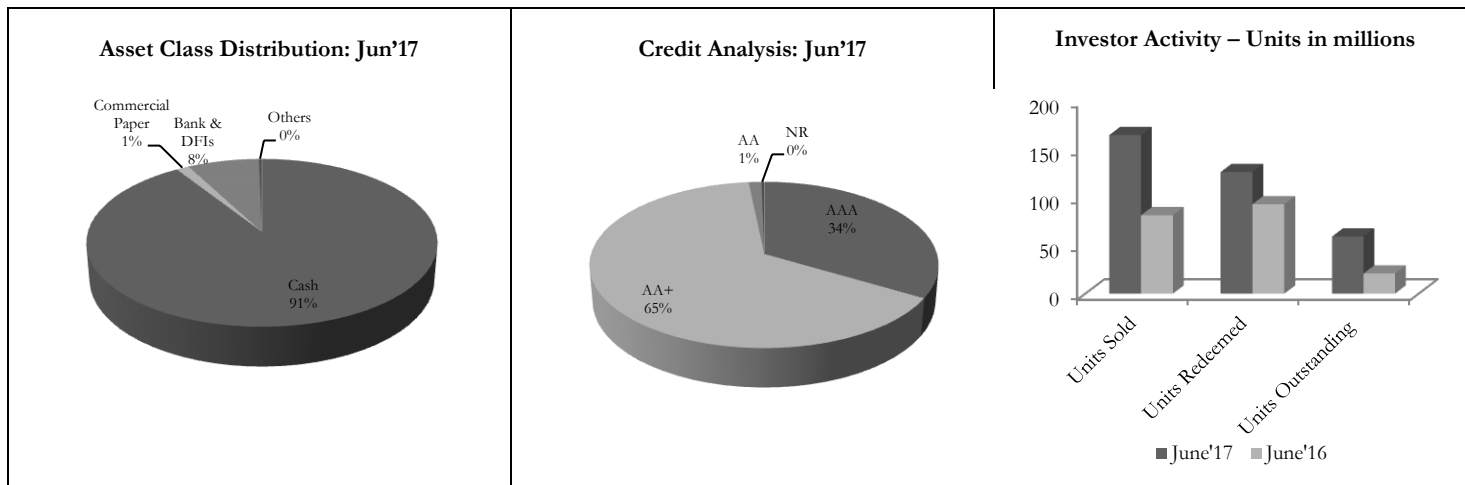
Investment Objective

To provide competitive returns to investors through active investment in low risk portfolio of short duration while maintaining high liquidity. The fund aims to maximize returns through efficient utilization of investment and liquidity management tools.

HBL Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f)	AA(f)
	<i>Dec 29, '17</i>	<i>Jan 05, '17</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	Upto 1%	
Back-end Load	-	
Management Fee	0.5% per annum	
Benchmark	70% 3 month PKRV & 30% 3 month deposit rate of three (3) AA rated scheduled Bank	

	HBL CF	
	FY17	FY16
Type of Scheme	Money Market	
Return (%)	7.2%	6.1%
Benchmark (%)	5.0%	4.7%
Peer Average (%)	6.8%	5.5%
Relative Ranking	6/21	2/ 22
Fund Size (in Rs. m)	5,954	2104
Retail (%)	11%	10%
Associates (%)	1%	33%
Number of Investors	341	192
Top 10 Investors / AUMs	77%	88%
WATM (Weighted Average Time to Maturity)	16 days	24 days
Duration	16 days	24 days
Asset Allocation (at end June)		
T-Bills	-	5%
PIBs	-	-
TFCs/Sukuk	-	-
Certificate of Investments	-	-
Cash	91%	75%
Banks & DFIs	8%	20%
MTS	-	-
Commercial Paper	1%	-
Others (including receivables)	0%	0%

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During the on-going year, PICIC Cash Fund (PICIC CF) was renamed to HBL Cash Fund (HBL CF) as a part of branding effort post the amalgamation of PICIC Asset Management Company into HBL Asset Management Limited. HBL CF is an open-ended money market fund designed to offer competitive returns to investors through deploying resources in primarily government securities and cash & cash equivalents. Net assets of the fund increased to Rs. 5.9b (FY16: Rs. 2.1b) at end-June 2017, further increasing to Rs. 11.7b at end-November 2017.

In line with its mandate, the fund's exposure to various sources of risks has been maintained at low end of the risk spectrum, both by policy and as also manifested in actual asset allocation. As per investment policy, pre-defined exposure limits are in place for each investment avenue.

Table 1: Approved Investment Avenues-Offering document (extract)

Description	Min-Max limits	Min-Max Actual	Min. Rating
Cash in Bank Accounts	0%-100%	19%-91%	AA
Cash & Near Cash Instruments	10%-100%	-	-
Treasury Bills, Pakistan Investment Bonds and other Government Securities	0%-100%	0%-58%	-
Placements with Bank and DFI including Certificates of Deposit and TDR	0%-80%	8%-36%	AA
Commercial Paper	0%-10%	0%-2%	AA
Money Market placements, under LOP etc with Banks and DFIs.	0%-50%	-	AA
Placement of Funds with NBFCs and Modaraba under letter of placement(LOP), Certificates of Deposits/Investment (COD/I) and Certificate of Musharika (COM)	0%-25%	-	AAA

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

Investment Committee (IC) comprises Chief Executive Officer, Chief Investment Officer, Head of Fixed Income, Manager Risk, Head of Research and Senior Fund Manager, Fixed Income. All investment decisions are consensus based.

Asset Allocation

Actual asset allocation has been maintained in line with the policy limits stipulated above. Over FY17, asset allocation of the fund was tilted towards cash holding. On month-end average basis, almost 55% of assets were deployed in cash while remaining assets were parked in T-bills and bank placements during the period ending June 2017.

Table 2: Asset Allocation

Assets	June'17	Jun'16	Average
T-Bills	0%	5%	24%
Banks and DFIs	8%	20%	21%
Cash	91%	75%	55%
PIBs	0%	0%	0%
Commercial Paper	1%	0%	0%
Others	0%	0%	0%
Total	100%	100%	100%

Credit & Market risk

Table 3: Credit Quality Summary- FY17

Credit Quality	Average	Maximum	Minimum
Government Securities	20%	58%	0%
AAA	40%	66%	0%
AA+	23%	65%	0%
AA	17%	78%	0%
NR	1%	1%	0%

In line with specified limits in Investment Policy Statement (IPS), the fund maintained its resources in high-rated issue/issuer. Barring one month, the fund complied with the credit quality requirement of minimum AA rated institutions / instruments. On the basis of a month average, almost 60% of assets were parked in AAA rated issue/issuer.

Since the fund's resources were deployed in liquid investment avenues, the fund is expected to meet redemptions in a timely manner. Furthermore, Weighted Average Time to Maturity (WATM) and duration of any authorized investment is capped at six months and 60 days, respectively. The fund complied with this requirement over the period under review. Going forward, WATM is expected to stay within the prescribed limits given the conservative asset allocation profile.

Table 4: Risk Summary-FY17

	Average	Maximum	Minimum
WATM (days)	41	83	4
Duration (days)	37	83	4

Liquidity Profile

Growth in AUMs has largely emanated from unrelated corporates and retail investors during the period under review. As a result, unrelated corporates and retail investors relative share was reported higher at 88% (FY16: 57%) and 11% (FY16: 10%) respectively. Moreover, proportion of associates in the fund's assets reduced significantly to 1% from 33% in the preceding year.

Fund Performance

Figure 1: Monthly return Vs. Benchmark

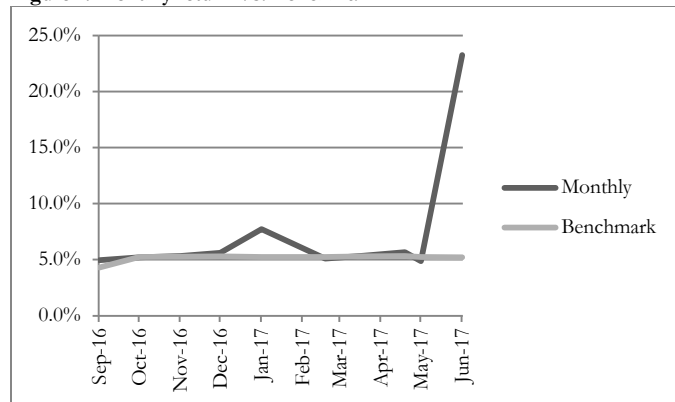


Table 5: Fund performance

	FY17	FY16
Return (%)	7.2%	6.1%
Benchmark (%)	5.0%	4.7%
Peer Average	6.8%	5.5%
Relative Ranking	6/21	2/22

Benchmark of the fund is defined as a weighted average of 3 month deposit rate and 3 month PKRV rate (net of expenses). Over FY17, HBL CF generated a return of 7.2% (FY16: 6.1%) which was higher than the benchmark and peer average return. However, relative ranking of the fund against its peers declined from the first to the second quartile [JCR-VIS]

JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
RATING TYPE: Fund Stability Management Quality				
29-Dec-17	AA(f)	-	-	Reaffirmed
05-Jan-17	AA(f)	-	-	Reaffirmed
28-Dec-15	AA(f)	-	-	Reaffirmed
22-Dec-14	AA(f)	-	-	Reaffirmed
30-Dec-13	AA(f)	-	-	Downgrade
17-May-12	AA+(f)	-	-	Harmonized
07-Dec-10	AA+(f)	-	-	Preliminary