

**Date: December 27, 2018**

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**Investment Objective**

The objective of the fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity.

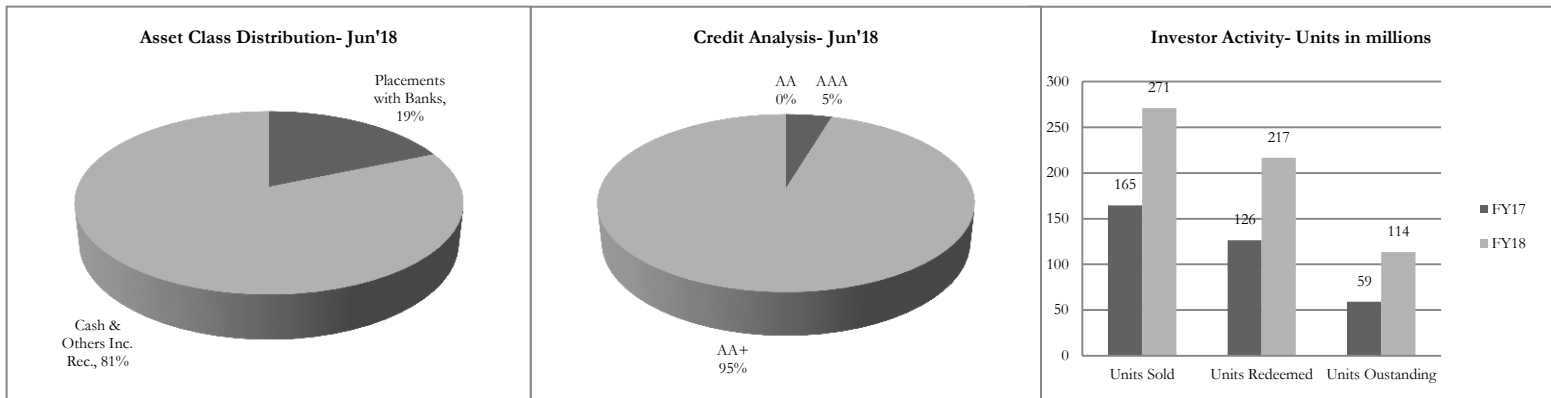
HBL Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>AA(f)</b>	<b>AA(f)</b>
	<i>Dec 26, 2018</i>	<i>Dec 29, 2017</i>
AMC	HBL Asset Management Limited	
External Auditors – Fund	BDO Ebrahim & Co.	
Fund Managers	Mr. Faizan Saleem	
Trustee	Central Depository Company	
Front-end Load	Up to 1%	
Back-end Load	-	
Management Fee	7.5% of gross earning with floor of 0.50% & 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	

	HCF	
	FY17	FY18
Type of Scheme	Money Market	
Return (%)	7.2%	5.5%
Benchmark (%)	5.0%	5.4%
Peer Average (%)	6.8%	5.2%
Relative Ranking	6 out of 21	5 out of 21
Fund Size (in Rs. m)	5,954	12,040
Retail (%)	11%	12%
Associates (%)	1%	1%
Number of Investors	341	831
Top 10 Investors / AUMs	77%	65%
Fund Stability Rating	AA(f)	AA(f)
Management fee	0.50%	0.5-1.00%
WATM (at end-June)	16	6
Modified Duration (at end-June)	16	6
<b>Average Asset Allocation*</b>		
<i>Corporate TFCs</i>	0%	0%
<i>Government backed / issued Securities</i>	23%	33%
<i>Others</i>	1%	0%
<i>Placements with Banks</i>	14%	19%
<i>Cash &amp; Others Inc. Rec.</i>	62%	47%

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

# JCR-VIS Credit Rating Company Limited

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



HCF is an open-ended money market fund designed to offer competitive returns to investors through deploying resources primarily in government securities and cash & cash equivalents. Net assets of the fund increased substantially to Rs. 12b (FY17: Rs. 5.9b) at end-June'2018.

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%	0.5%-90%	AA
Cash & Near Cash Instruments	10%-100%	-	-
Treasury Bills, Pakistan Investment Bonds and other Government Securities	0%-100%	0%-83%	-
Placements with Bank and DFI including Certificates of Deposit and TDR	0%-80%	8.5%-32%	AA
Commercial Paper	0%-10%	0%-1.4%	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	0%-25%	-	NBFC/Modabraba- AAA, Microfinance Bank- AA

Deposits/Investment (COD/I) and Certificate of Musharika (COM)			
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, Fund Manager Fixed Income and Head of Research. All investment decisions are consensus based.

## Credit Risk

**Table 2: Asset Allocation**

Asset Class Distribution	Jun'17	Jun'18
Placements with Banks	8%	19%
Commercial Paper	1%	0%
Cash & Others Inc. Rec.	91%	81%

During FY18, asset allocation remained in line with the stipulations of the offering document. Major holding at

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end-June'18 was concentrated in cash and cash equivalents at 81% (June'17- 91%). On a month-on-month average basis, around 33% of the fund portfolio comprised investment in Government backed securities in FY18 (FY17: 23%). Remaining chunk of the portfolio was parked in cash and placements with banks.

**Table 3: Credit Quality**

Credit Quality	Average	Maximum	Minimum
AAA	63%	91%	5%
AA+	30%	95%	3%
AA	5%	20%	0%
NR & Others	3%	34%	0%

In line with specified limits in Investment Policy Statement (IPS), the fund maintained its resources in high-rated issue/issuer. Barring one month (June'2018), the fund complied with the credit quality requirement during the outgoing year. On a month-on-month average, around 63% of the fund's assets were deployed in AAA rated issue/issuer.

### Market Risk

**Table 4: Modified Duration**

Month	Modified Duration (Days)
Jul'17	54
Aug'17	24
Sep'17	5
Oct'17	43
Nov'17	30
Dec'17	25
Jan'18	46
Feb'18	46
Mar'18	9
Apr'18	55
May'18	33
Jun'18	6

During FY18, modified duration remained under the specified limit of 90 days as per the assigned ratings. Maximum duration during FY18 was reported at 55 days at end-April'2018. Moreover, the fund complied with its internal policy with WATM lying within 60 days.

### Liquidity Profile

Sizeable portion of the fund base is provided by unrelated corporates at 87% at end-June'18 (June'17- 88%). Around 12% of the portfolio is contributed by retail investors. Number of investors more than doubled in FY18 to 831 (FY17: 341). Top-10 investor concentration improved to 65% (FY17: 79%) during FY18.

### Fund Performance

**Table 5: Fund Performance**

	FY17	FY18
Return (%)	7.2%	5.5%
Benchmark (%)	5.0%	5.4%
Peer Average (%)	6.8%	5.2%
Relative Ranking	6 out of 21	5 out of 21

Benchmark of the fund is defined as a weighted average of 3 month deposit rate and 3 month PKRV rate (net of expenses). Over FY18, HCF generated a return of 5.5% (FY17: 7.2%) which was higher than the benchmark and peer average return JCR-VIS

**Rating History**

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability Management Quality</u></b>				
26-Dec-18	AA(f)	-	-	Reaffirmed
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