

*Date: January 4, 2021*

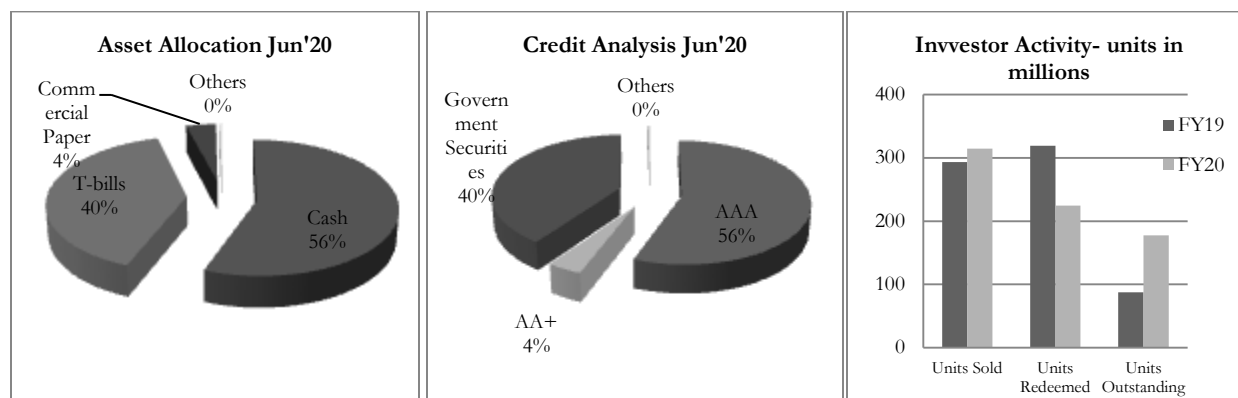
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### Investment Objective

The objective of the fund is to maintain a high liquidity profile and to provide competitive returns to investors through active investments having low risk portfolio of short duration. The fund aims to maximize its returns through efficient utilization of investment and liquidity management tools.

HBL Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>AA+(f)</b>	<b>AA(f)</b>
	<i>Dec 30, 2020</i>	<i>Dec, 2019</i>
AMC	HBL Asset Management Limited	
External Auditors – Fund	BDO Ebrahim & Co. Chartered Accountants	
Fund Managers	Mr. Wamiq Sakrani	
Trustee	Central Depository Company	
Front-end Load	Upto 1%	
Back-end Load	-	
Management Fee	0.30%	
Benchmark	70% 3M PKRV + 30% 3M avg. deposits rate of 3 AA rated scheduled bank as selected by MUFAP	

	HCF	
	FY19	FY20
Type of Scheme	Money Market	
Return (%)	8.9%	12.86%
Benchmark (%)	8.7%	11.63%
Peer Average (%)	8.7%	12.56%
Relative Ranking	6 out of 20	4 out of 20
Fund Size (in Rs. m)	8,809	17,972
Retail (%)	12%	12%
Associates (%)	1%	0%
Number of Investors	1,043	1,361
Top 10 Investors / AUMs	1%	67%
Fund Stability Rating	AA(f)	AA+(f)
Management fee	0.5-1.00%	0.30%
WATM (at end-June)	16	60
<b>Average Asset Allocation</b>		
<i>Commercial Paper</i>	13%	4%
<i>T-bills</i>	10%	40%
<i>Placements with Banks</i>	4%	0%
<i>Cash &amp; Others Inc. Rec.</i>	73%	56%



HCF is an open ended money market fund which an objective to offer competitive returns to its investors through investments primarily comprising of cash and cash equivalents, sovereign instruments and money market placements. During the year the fund witnessed a multifold growth as net assets stood at 17.9b (FY19 8.8b).

In order to cater to its mandate, the fund’s exposure to various sources of risks has been maintained in the 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: Approved Investment Avenues-Offering document (extract)**

Description	Min-Max limits	Min. Rating
Cash in Bank Accounts	0%-100%	AA
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	0%-80%	AA
Commercial Paper	0%-25%	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%	NBFC/Modaraba- AAA, Microfinance Bank- AA
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, Head of Fixed Income, Head of Risk, and Head of Research. All investment decisions are consensus based.

### **Asset Allocation:**

Table 2: Asset Allocation

Asset Class Distribution	Jun'19	Jun'20
Placements with Banks	4%	0%
Commercial Paper	13%	4%
Cash	73%	56%
T-bills	10%	40%

During FY20 net assets under management mainly comprised of cash and T-bills, remaining investments were placed in commercial paper. Month-on-month average analysis depict that approximately 48% of the fund's assets were concentrated in T-bills, 46% in cash holdings and the remaining comprised of Sukuks and commercial paper. Actual asset allocation complied with the specified standards of the offering document.

### **Credit Quality:**

Table 3: Credit Quality

Credit Quality	Average	Maximum	Minimum
AAA	34%	79%	0%
AA+	21%	45%	2%
AA	6%	10%	0%
Government Securities	48%	91%	3%
NR	1%	9%	0%

Complying with the specified limits stated in Investment Policy Statement (IPS), the fund managed to preserve most of its resources in high-rated issue/issuer. Approximately 34% of the fund's assets were parked in AAA rated instruments (FY19 64%) There were no breaches witnessed during the period.

### **Market Risk:**

Table 4: Modified duration

Month	Modified Duration (Days)
Jul'19	60
Aug'19	6
Sep'19	12
Oct'19	68
Nov'19	22
Dec'19	6
Jan'20	50
Feb'20	15
Mar'20	55
Apr'20	80
May'20	60
Jun'20	60

During FY20, WAM of the fund remained under the 90 day specified limit for the assigned ratings. Maximum duration during FY20 was reported to be 80 days at end-Apr'20.

### **Liquidity Risk:**

Portion held by unrelated corporates remains to be significant at 88% at end-June'20 (FY18: 87%). Portfolio contribution by retail investors also remained to be same at 12% during FY20. Top-10 investor concentration manifested an increase accounting for 67% during FY20 (FY19 1%) However, number of investors increased to 1,361, (FY19: 1,043)

**Fund Performance:****Table 5: Fund Performance:**

	<b>FY19</b>	<b>FY20</b>
Return (%)	8.90%	12.86%
Benchmark (%)	8.70%	11.63%
Peer Average (%)	8.70%	12.56%
Relative Ranking	6 out of 20	4 out of 20

Benchmark of the fund is defined as a weighted average of 3 month deposit rate and 3 month PKRV rate (net of expenses) HCF generated an annualized return of 12.86% out-performing its benchmark and peer average. The fund's relative ranking improved during the year standing at 4<sup>th</sup> out of a total of 20 funds placing HCF in the first quartile (FY19 6/20)

**Rating History**

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b>RATING TYPE: Fund Stability Management Quality</b>				
30-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
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

<b>FINANCIAL SUMMARY</b>		<i>(amounts in PKR millions)</i>	
<b><u>BALANCE SHEET</u></b>		<b>FY19</b>	<b>FY20</b>
Paid Up Capital		NA	NA
Total Equity		NA	NA
<b><u>INCOME STATEMENT</u></b>			
Total income		1,141	1,586
Profit Before Tax		996	1,473
Profit After Tax		996	1,473
<b><u>RATIO ANALYSIS</u></b>			
Net Cash Generated from Operating Activities		392	(1,151)
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA