

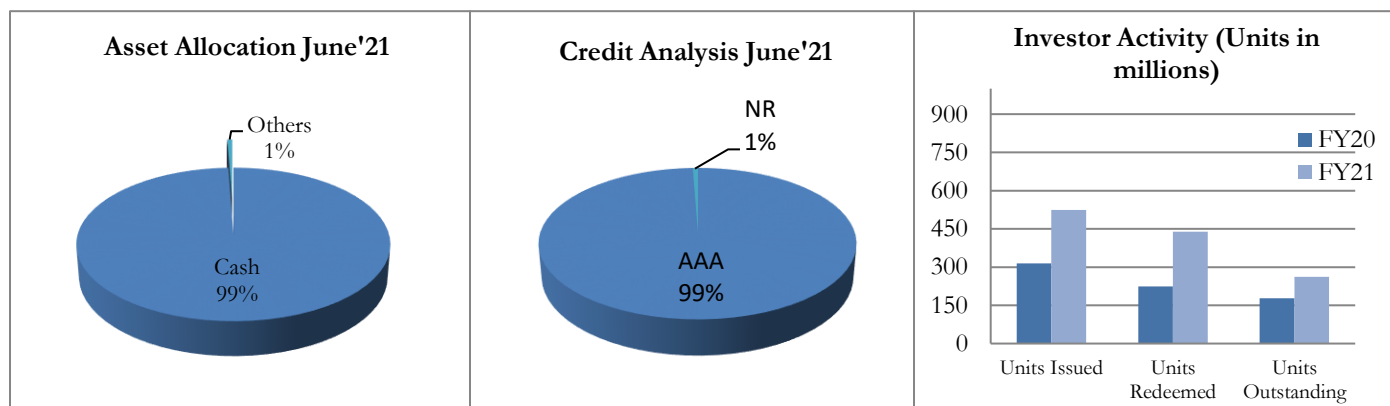
Date: January 03, 2022

Analyst: Muhammad Tabish

Investment Objective

To provide competitive returns to investors through active investments 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)
	Jan 03, '22	Dec 31, '20
AMC	HBL Asset Management Limited	
External Auditors – Fund	BDO Ebrahim & Co. Chartered Accountants	
Trustee	Central Depository Company	
Front-end Load	Up to 1%	
Back-end Load	Nil	
Management Fee	0.2% to 0.3% 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 Cash Fund (HCF) is an open-ended money market fund with the objective of offering competitive returns to investors through investments in cash and cash equivalents, sovereign instruments and money market placements. During the year, the fund registered a sizeable growth with net asset increasing to Rs. 26.4b (FY20: Rs. 17.9b) at end-FY21.

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	NBFC/Modarba AAA,	0%-25%

Deposits/Investment (COD/I) and Certificate of Musharika (COM)	Microfinance Bank AA	
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 NBFs & 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	46%	34%	99%
T-bills	40%	62%	-
Others	14%	3%	1%

During FY21, the fund's asset allocation was in compliance with the standards specified in the offering document. At end-June'21, the fund's major holding was engrossed in cash at 99%. However, T-bills received the highest allocation of the fund's resources, averaging at 62% month-on-month basis. This allocation in T-bills is consistent with historical trend.

Credit Quality:

Table 3: Credit Quality

Credit Quality	Monthly Average	Maximum	Minimum
AAA	95%	100%	83%
AA+	4%	17%	0%
AA	1%	7%	0%
NR	0%	1%	0%

The fund is required to invest in instruments that have a minimum credit quality rating of 'AA' or higher. During the year, on an average, 95% of the fund's investment portfolio was held with 'AAA' (or government securities) rated issue/issuer and the remaining in 'AA+' and 'AA' with a fractional investment in unrated instruments.

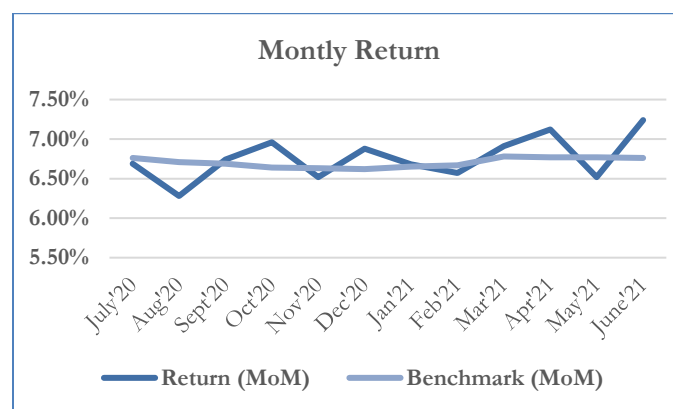
Market Risk:

Weighted average maturity is capped at 90 days as per the fund's IPS. During FY21, Weighted Average Maturity (WAM) of the fund improved to 32 days from 39 days last year. Maximum duration during the review period was reported to be 79 days.

Liquidity Profile:

Portfolio contribution by un-related corporate remains sizeable at 90% (FY20: 88%). Top-10 investors continue to constitute around three-fifth of total fund size indicating considerable room for improvement. However, number of investors increased to 1,603 (FY20: 1,361; FY19: 1,043).

Fund Performance:


Table 4: Fund Performance:

Performance	FY20	FY21
Total Return	12.86%	6.97%
Peer Ranking	4/21	6/22
Benchmark Return	11.63%	6.71%
Peer Average	12.60%	6.79%

Benchmark of the fund is defined as a weighted average of 3 month deposit rate and 3 month PKRV rate (net of expenses). In the outgoing fiscal year, the fund outperformed its benchmark rate baring few months. HCF generated an annualized return of 6.97% in FY21, reporting higher vis-à-vis peer average. Based on 365 days return, the fund has consistently remained in the first quartile over the past three fiscal years.

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)	Upgraded
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	28-Dec-15	AA(f)	Reaffirmed
Fund Stability	22-Dec-14	AA(f)	Reaffirmed
Fund Stability	30-Dec-13	AA(f)	Downgrade
Fund Stability	17-May-12	AA+(f)	Harmonized
Fund Stability	07-Dec-10	AA+(f)	Preliminary

<u>BALANCE SHEET</u>	FY20	FY21
Paid Up Capital	-	-
Total Equity	-	-
<u>INCOME STATEMENT</u>		
Total Income	1,586	1,872
Profit Before Tax	1,473	1,713
Profit After Tax	1,473	1,713
<u>RATIO ANALYSIS</u>		
Current Ratio (x)	-	-
Gearing (x)	-	-