

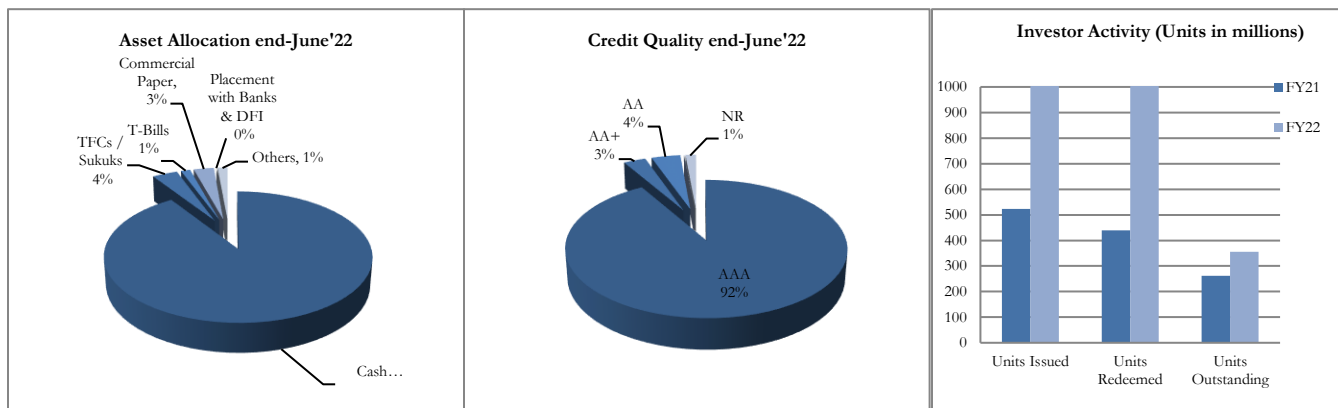
Date: December 29, 2022

Analyst: Musaddeq Ahmed Khan

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)
	Dec 29, '22	Jan 03, '22
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	0.3% 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. 36.1b (Jun'21: Rs. 26.4b) as of Jun'22.

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%-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	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 NBFCS & 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'21	Average FY'22	Jun'21
Cash adjusted for accruals	34%	55%	91%
T-bills	62%	36%	1%
Others	3%	9%	8%

During FY22, the fund's asset allocation was in compliance with the standards specified in the offering document. For the year ended June'22, the fund's major holding was engrossed in cash at 91%. Furthermore, average exposure has shifted from T-bills to cash with the highest allocation of the fund's resources, averaging at 55% month-on-month basis in FY22.

Credit Quality:

Table 3: Credit Quality

Credit Quality	Monthly Average	Maximum	Minimum
AAA	67%	96%	48%
AA+	24%	45%	2%
AA	8%	22%	2%
NR	1%	4%	0%

The fund is required to invest in instruments that have a minimum credit quality rating of 'AA' or higher. During the year FY22, on an average, 67% 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.

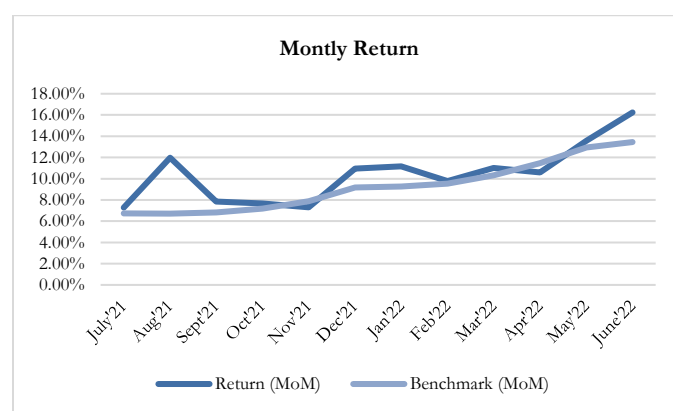
Market Risk:

Weighted Average Maturity (WAM) is capped at 90 days as per the fund's IPS. During FY22, Weighted Average Maturity (WAM) of the fund improved to 29 days from 32 days last year. Maximum duration during the review period was reported to be 74 days in July'21.

Liquidity Profile:

Portfolio contribution by un-related corporate remains sizeable at 83% (Jun'21: 90%) as of Jun'22. Top-10 investors constitute 43% (Jun'21: 51%) of total fund size indicating room for improvement. Furthermore, number of investors increased to 1,876 (Jun'21: 1,603) as of Jun'22.

Fund Performance:


Table 4: Fund Performance:

Performance	FY21	FY22
Total Return	6.97%	10.97%
Peer Ranking	6/22	6/21
Benchmark Return	6.71%	9.28%
Peer Average	6.79%	10.61

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 10.97% as of Jun'22, reporting higher vis-à-vis peer average. Based on 365 days return, the fund has consistently remained in the first quartile over the past four fiscal years.

<u>BALANCE SHEET</u>	FY21	FY22
Paid Up Capital	-	-
Total Equity	-	-
<u>INCOME STATEMENT</u>		
Total Income	1,872	3,211
Profit Before Tax	1,713	3,165
Profit After Tax	1,713	3,165
<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		
Name of Rated Fund	HBL Cash Fund			
Sector	Mutual Funds			
Type of Relationship	Solicited			
Purpose of Rating	Fund Stability Rating (FSR)			
Rating History	Rating Date	Medium to Long Term	Outlook	Rating Action
	29-Dec-22	AA+ (f)		Reaffirmed
	03-Jan-22	AA+ (f)		Reaffirmed
	31-Dec-20	AA+ (f)		Upgraded
	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	
Instrument Structure	N/A			
Statement by the Rating Team	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.			
Probability of Default	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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