

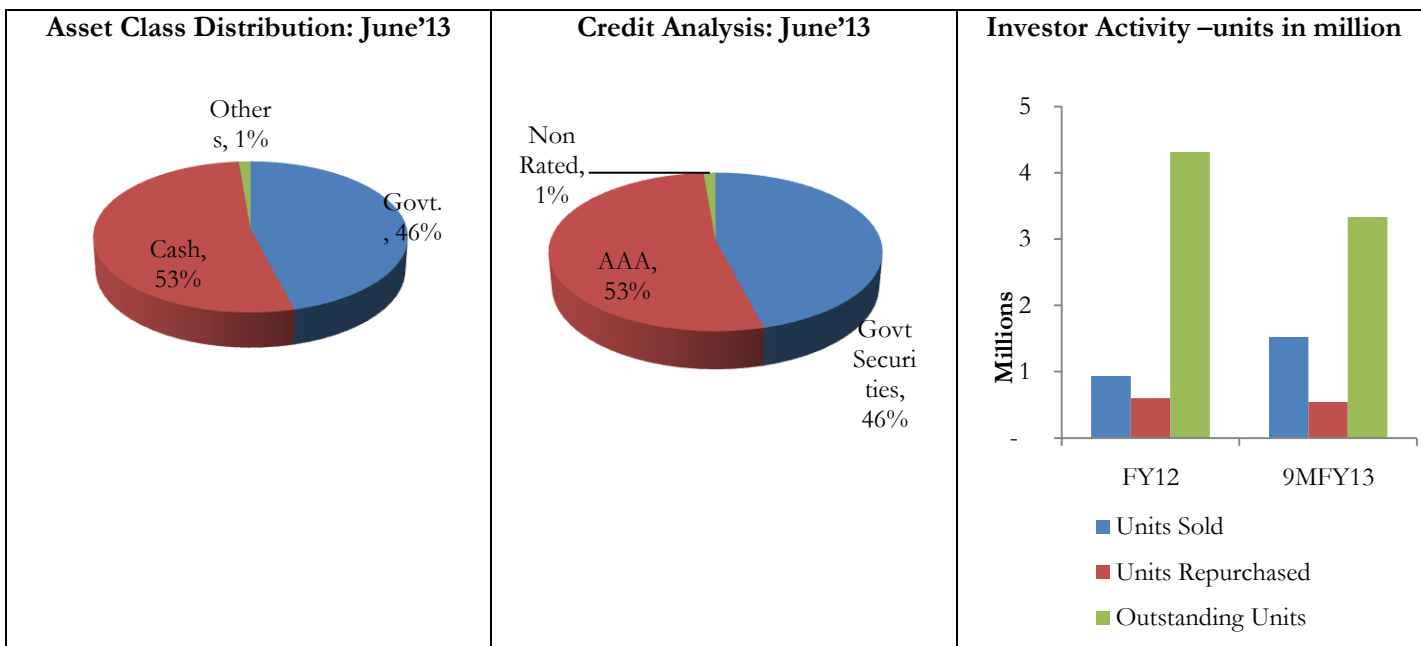
November 27, 2013

**Analyst:** Sobia Maqbool, CFA  
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**Investment Objective**

To seek high liquidity, competitive return and maximum possible preservation of capital for investors by investment in low risk Shariah compliant securities.

HBL ISLAMIC MONEY MARKET FUND (HBL IMMF)		
Rating Category	Latest	Previous
Fund Stability Rating	<b>AA(f)</b> <i>Oct 21, 2013</i>	<b>AA(f)</b> <i>Jan 1, 2013</i>
Management Company	HBL Asset Management Limited	
Chief Executive	Mr. Rehan N. Shaikh	
Fund Manager	Mr. Muhammad Amir Khan	
External Auditors – Fund	KPMG Taseer Hadi & Co	
Trustee	Central Depository Company	
Front-end Load	-	
Back-end Load	-	
Management Fee	1% per annum	
Benchmark	3 Month Bank Deposit Rate	



As per the investment policy, the fund can take exposure in bank deposits with Islamic banks and Islamic banking windows of conventional banks and Shari’ah compliant money market instruments. In addition to this, the fund may also invest up to a maximum of 50% in any other Shari’ah compliant money market instrument as per the guidelines of the fund’s Shari’ah Advisor. Rating of any instrument should not be lower than ‘AA’.

Weighted average time to maturity (WAM) of net assets is capped at 90 days while time to maturity of any asset

shall not exceed six months. Actual WAM of the fund was recorded at 64 days at end-Jun’13.

Size of the fund has remained small and net assets amounted to Rs. 439m at end-FY13 (FY12: Rs. 343.4m).

Towards the end of FY13, the fund divested from term deposits in favor of GoP Ijarah Sukuk. Ijarah Sukuk are Government guaranteed and carry lowest credit risk in the local context. Actual asset allocation of the fund is presented in the following table:

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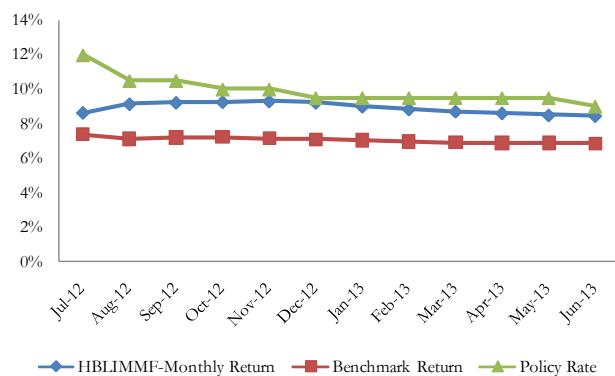
Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

	Average FY13	Average FY12
Ijara Sukuk	7.7%	0.1%
Term Deposits	29.3%	80.4%
Cash	60.8%	14.5%
Commercial Paper	0.8%	3.3%
Other assets	1.3%	1.6%
<b>Total (in Rs. Millions)</b>	<b>439</b>	<b>343.4</b>

The fund features significant investor concentration as the top ten investors held 92% of all outstanding units with the parent bank holding 70% of units at end-March, 13. The ability of the fund to meet redemptions, without impacting its NAV, is considered strong owing to the sound liquidity profile of exposures held by the fund.

Benchmark of the fund is 3-month average deposit rates. Benchmark does not commensurate with the risk profile of the fund. During FY13 and FY12, the fund outperformed its benchmark.. Peer group of HBL IMMF comprises three funds.

	FY13	FY12
<b>Total Return</b>	8.5%	10.3%
<b>Benchmark Return</b>	6.9%	7.4%
<b>Peer Group Ranking</b>	2 out of 3	2 out of 2



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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability</u></b>				
21-Oct-13	AA(f)			Reaffirmed
01-Jan-13	AA(f)			Reaffirmed
30-Dec-11	AA(f)			Initial

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