

*Date: January 4, 2021*

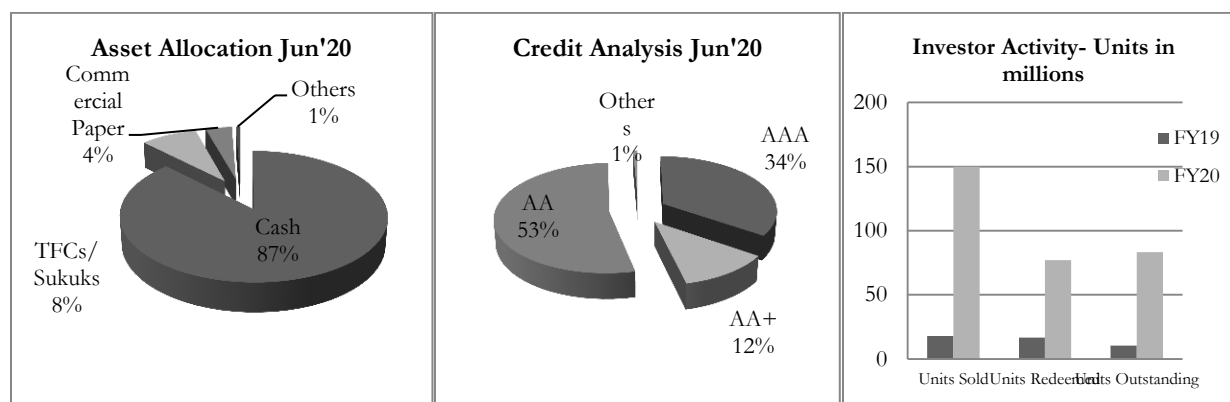
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### Investment Objective

The objective of HBL Islamic Money Market Fund is to seek high liquidity, competitive return and maximum possible preservation of capital for investors by investment in low risk Shariah Compliant securities.

HBL Islmaic Money Market Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>AA+(f)</b>	<b>AA(f)</b>
	<i>Dec 30, 2020</i>	<i>Dec 30, 2019</i>
AMC	HBL Asset Management Limited	
External Auditors – Fund	KPMG Taseer Hadi & Co., Chartered Accountants	
Fund Managers	Mr. Wamiq Sakrani	
Trustee	Central Depository Company	
Front-end Load	Upto 1.00%	
Back-end Load	-	
Management Fee	0.30%p.a	
Benchmark	Three months average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP	

	HIMMF	
	FY19	FY20
Type of Scheme	Islamic Money Market	
Return (%)	8.1%	11.38%
Benchmark (%)	3.4%	5.37%
Peer Average (%)	8.2%	11.4%
Relative Ranking	3 out of 4	3out of 5
Fund Size (in Rs. m)	1,050	8,422
Retail (%)	59%	17%
Associates (%)	23%	3%
Number of Investors	1,837	1,849
Top 10 Investors / AUMs	44%	78%
Fund Stability Rating	AA(f)	AA+(f)
Management fee	0.75-1.00%	0.30%p.a
WATM (at end-June)	8	15
<b>Average Asset Allocation</b>		
<i>Corporate Sukuk</i>	0%	8%
<i>Placements with Banks</i>	0%	0%
<i>Commercial Paper</i>	11%	4%
<i>Cash &amp; Others Inc. Rec.</i>	89%	88%



Launched in May, 2011 HBL Islamic Money Market Fund (HIMMF) is an open-end money market Shariah Compliant fund which aims to provide investors with competitive returns through low risk Shariah Compliant instruments and capital preservation.

During FY20 the fund witnessed tremendous growth with net assets amounting to 8.4b (FY19 1.05b)

In line with its mandate and as per the offering document (OD), the fund must take exposure in AA rated or above and Shariah Compliant instruments in order to maintain risk.

**Table 1: Approved Investment Avenues-Offering document (extract)**

Description	Min-Max limits	Min. Rating
Bank Deposits in licensed Islamic Banks & licensed Islamic Banking windows of conventional banks	0%-100%	AA
Shariah compliant money market instruments such as Certificate of Islamic Investments (COII), with Commercial banks and DFIs	0%-100%	AA
Shariah compliant money market instruments such as Certificate of Islamic Investments (COII), Certificate of Musharaka (COM) with NBFCs and Modaraba companies	0%-100%	
Any other Shariah compliant money market structure, instrument or security	0%-50%	AA
Subject to SECP or other regulatory approvals the Scheme may seek to invest in Shariah Compliant securities listed or otherwise and traded outside Pakistan	0%-30% (cap of \$15 m)	As specified by Commission
Any Shariah compliant investment/structure approved by the Shariah Advisor, which may be authorized by the Commission but does not include restricted investments	0%-30%	As specified by Commission

Investment Committee (IC) comprises Chief Executive Officer, Head of Fixed Income, Head of Risk, and Head of Research. All investment decisions are consensus based.

### **Credit Risk:**

**Table 2: Asset Allocation**

Asset Class Distribution	Jun'19	Jun'20
Corporate Sukuks	0%	8%
Cash and others Inc. Receivables	89%	88%
Commercial Paper	11%	4%

During FY20, the fund's major holdings primarily comprised of cash placements. The Investment Policy Statement (IPS) of the fund restricts exposure in AA or above rated securities; no breaches were witnessed throughout the year.

### **Credit Quality:**

**Table 3: Credit Quality**

Credit Quality	Average	Maximum	Minimum
AAA	30%	89%	0.5%
AA+	7%	12%	0.2%
AA	61%	97%	0.0%
A	0%	0%	0.1%
NR	1%	2%	1%

Complying with the specified limits stated in Investment Policy Statement (IPS) for the assigned ratings, the fund substantially managed to preserve its resources in AA or above rated instruments. There were no breaches witnessed during the period.

### **Market Risk:**

**Table 4: Modified duration**

Month	Modified Duration (Days)
Jul'19	4
Aug'19	8
Sep'19	16
Oct'19	14
Nov'19	11
Dec'19	6
Jan'20	4
Feb'20	12
Mar'20	16
Apr'20	7
May'20	16
Jun'20	15

During FY20, modified duration was observed to remain under the limit for the assigned ratings. Maximum duration during FY20 was accounted for at 16 days.

### **Liquidity Risk:**

Total number of investors increased to 2,363 (FY19: 1,837) at end-June'20. During FY20, investment by unrelated corporates comprised significant portion of 80% and whereas portion by retail clients decreased to 17% (FY19: 58%) Top-10 investors increased to 78% of total net assets (FY19: 44%)

### **Fund Performance:**

**Table 5: Fund Performance:**

	FY19	FY20
Return%	8.1%	11.38%
Benchmark%	3.4%	5.37%
Peer Average	8.2%	11.4%
Relative Ranking	3 out of 4	3 out of 5

During FY20 HIMMF generated a return of 11.38% higher than its benchmark of 5.37% and

against peer average 11.4%. The fund was ranked 3<sup>rd</sup> out of a total of five funds.

### Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b>RATING TYPE: Fund Stability Management Quality</b>				
30-Dec-2020	AA+ (f)	-	-	Upgrade
30-Dec-19	AA(f)	-	-	Reaffirmed
26-Dec-18	AA(f)	-	-	Reaffirmed
29-Jan-17	AA(f)	-	-	Reaffirmed
05-Jan-17	AA(f)	-	-	Reaffirmed
16-Jan-16	AA(f)	-	-	Reaffirmed
26-Dec-14	AA(f)	-	-	Reaffirmed
21-Oct-13	AA(f)	-	-	Reaffirmed
1-Jan-13	AA(f)	-	-	Reaffirmed
30-Dec-11	AA(f)	-	-	Initial

<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		102	313
Profit Before Tax		85	284
Profit After Tax		85	284
<b><u>RATIO ANALYSIS</u></b>			
Net Cash Generated from Operating Activities		(12)	(646)
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA