

HBL Islamic Money Market Fund (HBL IMMF)

Managed By: HBL Asset Management Limited

Fund Stability Rating

Latest Rating

AA+(f)

2-Jan-24

What is Fund Stability Rating

Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors an impartial gauge of the primary areas of risk that income funds may face, including credit risk, liquidity risk, and interest rate risk.

Fund Information

Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Up to 1%
Back-end Load	Nil
Benchmark	3M avg. deposit rates of 3 AA rated Islamic banks or Islamic windows
MQR Rating	AM1 (VIS)
Mgt. Fee	0.70% p.a.

Fund Overview

HBL Islamic Money Market Fund (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on May 11, 2011, between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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.

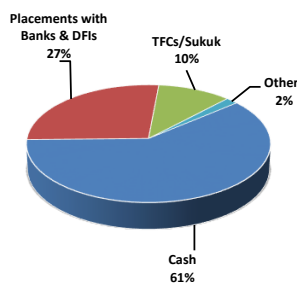
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Cash and Cash equivalents: Shariah compliant Government Securities and Placement of riba free deposits with Islamic banks or Islamic financial institutions or with Islamic branches /windows of other banks or financial Institutions, excluding Term Deposits	AA	0%-100%
Shariah compliant money market instruments such as Certificate of Islamic Investments (COII), with Commercial banks and DFIs	AA	0%-100%
Shariah compliant money market instruments such as Certificate of Islamic Investments (COII), Certificate of Musharaka (COM) with NBFs and Modaraba companies	AAA	0%-100%
Any other Shariah compliant money market structure, instrument or security	AA	0%-50%
Subject to SECP or other regulatory approvals the Scheme may seek to invest in Shariah Compliant securities listed or otherwise and traded outside Pakistan	As specified by Commission	30% (subject to a cap of USD 15 mn)
Any Shariah compliant investment/structure approved by the Shariah Advisor, which may be authorized by the Commission but does not include restricted investments	As specified by Commission	0%-30%
Shariah Compliant Commercial Paper/ Sukuk	AA	0%-20%

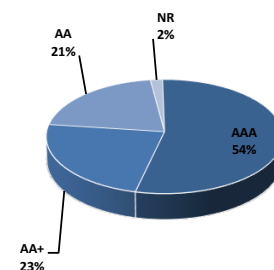
Net Assets

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	6,640	15,420	44,532

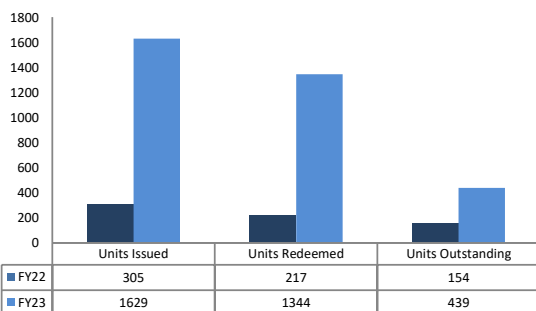
Asset Allocation - Jun'23



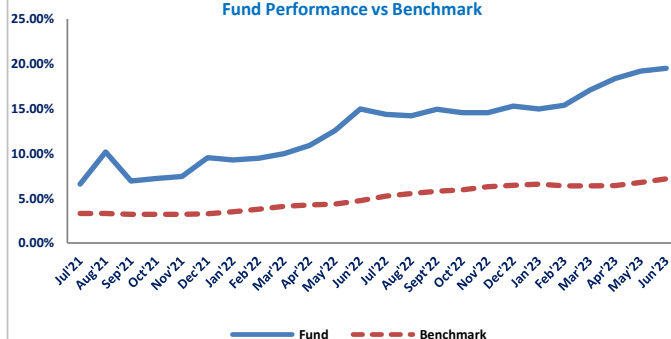
Credit Quality - Jun'23



Investor Activity (Units in Mn.)



Fund Performance vs Benchmark



Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
AAA	29.91%	53.92%	13.82%	Cash	69.49%	44.78%
AA+	37.70%	50.85%	23.40%	Placements with Banks & DFIs	12.51%	40.84%
AA	30.57%	53.68%	15.02%	TFCs/Sukuk	6.77%	12.63%
NR	1.81%	4.59%	1.00%	CP	10.13%	0.00%
Total	100.00%	0.00%	0.00%	Others	1.10%	1.75%
				Total	100.00%	100.00%

Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in year(s)	20	30	11	Total Return	9.99%	17.24%
Duration (In Days)	20	30	11	Benchmark Return	3.68%	6.23%
				Peer Average	9.72%	16.78%
				Peer Ranking	4 out of 15	2 out of 17

Fund Stability Analysis

The HBL Islamic Money Market Fund has been assigned a rating of AA+(f). This rating indicates a high degree of stability in the Net Asset Value (NAV) of the fund. The risk associated with the fund is considered modest, although it may vary slightly due to changing economic conditions.

Asset Allocation:

The total assets under management (AUM) increased to Rs. 44.5b as at Jun'23 from Rs. 15.4b as at Jun'22. The fund's asset allocation has remained within the parameters identified in the offering document. The fund primarily invested in Cash (44.8%), TFC/Sukuks (12.6%) and Placements with Banks and DFIs (40.4%).

Credit Quality:

The Credit Risk Criteria of the fund falls within the guidelines stipulated in our methodology. As per the offering document the fund is limited to invest in 'AA' rated securities and has adhered to it during FY23. In FY23, the fund increased its exposure in securities rated 'AA+' (avg FY23: 37.7%, avg FY22: 19.5%) and decreased exposure in 'AAA' rated securities (avg FY23: 29.9%, avg FY22: 47.6%).

Market Risk:

Weighted average maturity is capped at 90 days as per the fund's Investment Policy Statment. During FY23, Weighted Average Maturity (WAM) stood at 20 (FY22: 17) days with maximum duration of 30 days (FY22: 28 days).

Fund Performance:

The fund has demonstrated strong performance, with a total YTD return of 17.2% as at Jun'23, outperforming both the benchmark return of 6.2% and the peer average of 16.7%. The fund has consistently ranked among the top performers in first quartile in the peer group.

Financial Snapshot			
BALANCE SHEET		FY22	FY23
Paid Up Capital		N/A	N/A
Total Equity		N/A	N/A
INCOME STATEMENT		FY22	FY23
Total Income		965.9	6,412.9
Profit Before Tax		947.5	6,084.6
Profit After Tax		947.5	6,084.6
RATIO ANALYSIS		FY22	FY23
Current Ratio (x)		N/A	N/A
Gearing (x)		N/A	N/A
FFO		N/A	N/A
Regulatory Disclosures			
Name of Rated Fund	HBL Islamic Money Market Fund	Sector	Mutual Funds
Type of Relationship	Solicited	Purpose of Rating	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	2-Jan-24	AA+(f)	Reaffirmed
Fund Stability	29-Dec-22	AA+(f)	Reaffirmed
Fund Stability	22-Jan-22	AA+(f)	Reaffirmed
Fund Stability	31-Dec-20	AA+(f)	Upgrade
Fund Stability	31-Dec-19	AA(f)	Reaffirmed
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.		
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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