

HBL Islamic Money Market Fund (HBL IMMF)

Managed By: HBL Asset Management Limited

Fund Stability Rating

Latest Rating

AA+(f)

3-Mar-25

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

Fund Overview

Launch Date	May 10, 2011
Fund Type	Open End
Category	Shariah Compliant Money Market Fund
Risk Profile	Low
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	0.8450% p.a.

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.

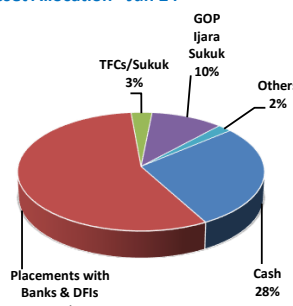
Offering Document (Extract)

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	10%-100%
Shariah compliant money market instruments such as Certificate of Islamic Investments (COI), with Commercial banks and DFIs	AA	0%-100%
Shariah compliant money market instruments such as Certificate of Islamic Investments (COI), Certificate of Musharaka (COM) with NBFCs 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%

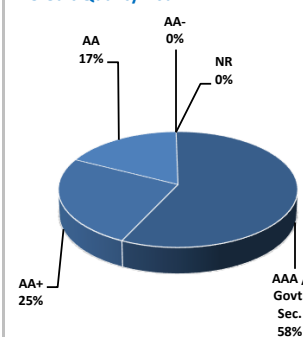
Net Assets

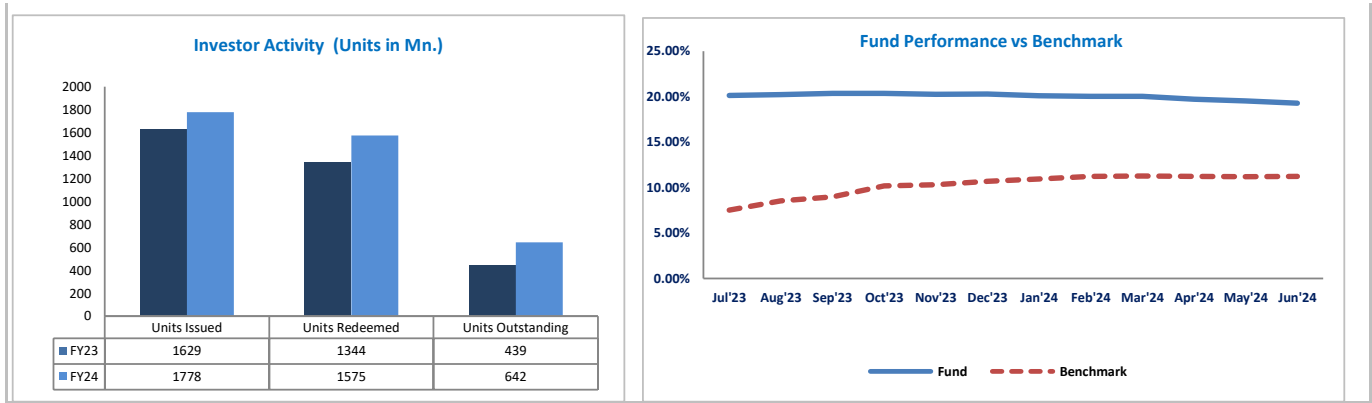
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	15,420	44,532	65,102

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg.
AAA / Govt. Sec.	39.64%	69.44%	13.69%	Cash	44.78%	28.58%
AA+	35.81%	56.81%	21.21%	Placements with Banks & DFIs	40.84%	61.07%
AA	18.89%	28.70%	4.74%	TFCs/Sukuk	12.63%	4.47%
AA-	1.00%	11.98%	0.00%	GOP Ijarah Sukuk	0.00%	3.15%
NR	4.67%	25.97%	0.00%	Others	1.75%	2.74%
Total	100.00%	0.00%	0.00%	Total	100.00%	100.01%

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	0.09	0.16	0.02	0.25	Total Return	17.24%	21.98%
Duration (In Days)	31	59	7	90	Benchmark Return	6.23%	10.28%
					Peer Average	16.78%	21.42%
					Peer Ranking	2 out of 17	5 out of 24

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:

During FY24, Assets Under Management (AUM) of the Fund recorded a notable growth of ~46%, coming in at Rs. 65.1b as at Jun'24 (Jun'23: Rs. 44.5b). Throughout the period, the Fund's investments adhered to the mandate set out in the offering document. On average, ~61% of the portfolio was allocated to Placements with Banks & DFIs, followed by ~29% in cash, while the remainder was invested in GOP Ijarah Sukuk and TFCs/Sukuks.

Credit Quality:

The Fund's credit exposures were primarily maintained in instruments rated AA and above, in line with the offering document, although a placement below the minimum rating criteria was noted in Apr'24. On average, investments in Government Securities/AAA rated instruments comprised the largest portion of the portfolio, while exposures to AA+ and AA assets accounted for ~36% and ~19%, respectively. The 'Not Rated' portion represents receivables from the sale of investments rated AA and above, along with accrued profit. Furthermore, the Fund's bank placements were predominantly with banks rated AAA. Going forward, maintenance of credit quality in line with rating benchmarks remains important.

Market and Liquidity risk:

During FY24, the weighted average time to maturity (WAM) remained within the defined limit of 90 days in the offering document, with average WAM reported at 31 days.

The Fund's liquidity profile is assessed as sound, with liquid assets constituting ~93% of total assets. The Fund's investor base is primarily comprised of corporate investors, accounting for ~59% of AUM, followed by retail investors at ~24% and associates at ~17%. Client concentration risk is considered moderate, with the top ten investors representing ~54% of the Fund's portfolio.

Fund Performance:

During FY24, the Fund's yielded an annualized return of 21.98%, outperforming the peer average and placing the Fund in the first quartile.

Financial Snapshot

	FY23	FY24
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	6,412.9	12,648.4
Profit Before Tax	6,084.6	11,982.4
Profit After Tax	6,084.6	11,982.4
RATIO ANALYSIS		
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	3-Mar-25	AA+(f)	Reaffirmed
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		

Lead Analyst	Analyst
Shaheryar Khan Mangan shaheryar@vis.com.pk	Salman Saba salman.saba@vis.com.pk

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