

HBL Islamic Income Fund (HIIF)

Managed By: HBL Asset Management Limited

Fund Stability Rating

Latest Rating

A+(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

Launch Date	May 28, 2014
Fund Type	Open End
Category	Shariah Compliant Income Scheme
Risk Profile	Medium
Auditor	BDO Ebrahim & Co., Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Up to 2%
Back-end Load	Nil
Benchmark	6M avg deposit rates of 3 A-rated scheduled islamic banks or Islamic
MQR Rating	AM1 (VIS)
Mgt. Fee	1.31% p.a.

Fund Overview

Islamic Income Fund (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on May 28, 2014, between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

The Investment Objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short-term Shariah compliant debt instruments while taking in to account liquidity considerations.

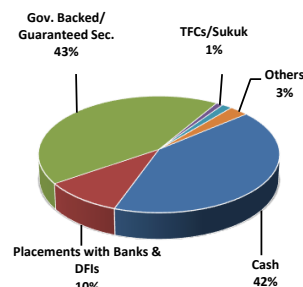
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Shariah Compliant Government Securities > 90 days maturity	-	0%-75%
Shariah Compliant Government Securities (excluding Sukuk) < 90 days maturity and Cash at Bank (excluding TDR) with licensed Islamic Banks and/or Islamic Branches/Windows of Conventional Banks.	A-	25%-100%
Bank Deposits and placement of funds < 6 months with licensed Islamic Banks, Islamic Financial Institutions or Islamic Branches/Windows of Conventional Banks	A-	0%-100%
Spread Transactions as approved by the Shariah Advisors in eligible securities as declared by the Stock Exchanges and the SECP	-	0%-40%
Secured and unsecured, listed and/or privately placed Shariah Compliant Government Securities/ Government guaranteed /Sukuk	-	0%-75%
Secured and unsecured, listed and/or privately placed Shariah Compliant debt Securities / Sukuk issued by corporate entities and or Financial Institutions	A-	0%-50%
Shariah Compliant non-traded securities with maturity of < 6 months	A-	0%-75%
Shariah Compliant non-traded securities with maturity of > 6 months	A-	0%-15%
Subject to approval, authorized Shariah Compliant Investments outside Pakistan including Islamic mutual funds	A-	0%-30%
Any other Shariah Compliant instruments/ securities that may be permitted or approved by the SECP and Shariah Advisor of the Scheme from time to time	A-	(cap of \$15m)
Placement of Funds including TDR, PLS Saving Account, COD, COM, COI, Money Market Placements, and other clean placements with Islamic Micro Finance Banks, Islamic NBFCS and Modarabas.2	A-	0%-25%

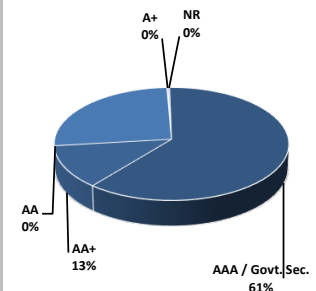
Net Assets

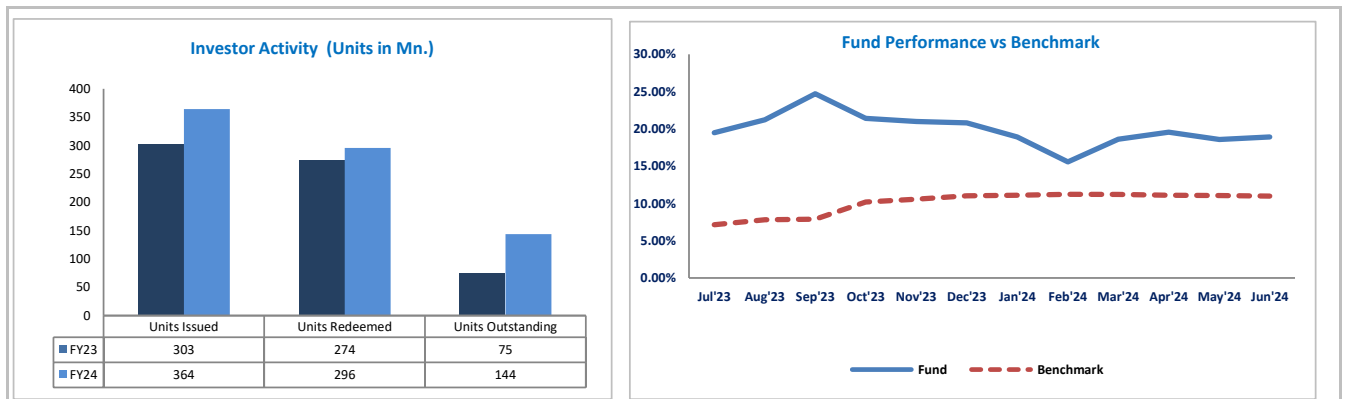
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	4,670	7,643	14,899

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (FY'24)					Avg. Asset Allocation (% wise)		
	Average	Maximum	Minimum		FY'23 Avg.	FY'24 Avg.	
AAA / Govt. Sec.	40.90%	62.94%	2.12%	Cash	37.57%	35.88%	
AA+	15.77%	32.65%	1.09%	Placements with Banks & DFIs	13.28%	18.62%	
AA	7.99%	21.19%	0.03%	Gov. Backed/ Guaranteed Sec.	17.69%	35.46%	
AA-	18.38%	28.54%	7.20%	TFCs/Sukuk	27.56%	5.00%	
A+	1.85%	11.26%	0.14%	CP	0.53%	0.24%	
A	7.10%	24.34%	0.00%	Others	3.38%	4.63%	
A-	0.00%	0.00%	0.00%	Total	100.00%	99.83%	
NR	8.00%	44.20%	0.28%				
Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	0.5	1.4	0.3	4.0	Total Return	17.55%	21.83%
Duration (In Days)	137	471	65	1460	Benchmark Return	6.06%	10.10%
					Peer Average	15.75%	21.08%
					Peer Ranking	3 out of 23	7 out of 31

Fund Stability Analysis

The HBL Islamic Income Fund has been assigned a rating of A+(f), indicating a moderate degree of stability in Net Asset Value (NAV). This rating suggests that the fund has demonstrated a level of consistency in delivering returns to its investors, with a moderate level of risk factors that may vary with possible changes in the economy.

Asset Allocation:

During FY24, Assets Under Management (AUM) exhibited robust growth of ~195%, reaching Rs. 14.9b as at Jun'24 (Jun'23: Rs. 7.6b). The Fund's asset allocation strategy largely aligned with the guidelines outlined in the offering document during this period. On average, the Fund's exposures were predominantly held in cash and Government-backed and guaranteed securities, which constituted ~36% and ~35% of the portfolio, respectively, while placements with banks and DFIs accounted for ~19% of the investments.

Credit Quality:

During FY24, the Fund's credit exposures were maintained in instruments rated above A-, in accordance with the guidelines outlined in the offering document. On average, investments of the Fund were concentrated in Govt Sec/AAA rated avenues, making up ~41% of the total exposures, along with AA- and AA+ rated securities, representing ~18% and ~16% respectively. Not rated exposures include receivables against sale of securities/profit accrued. Placements were primarily held in AA and plus rated banks.

Market and Liquidity risk:

During the review period, the weighted average time to maturity (WAM) of the Fund remained within the defined limit of 1,460 days, with average WAM at 196 days.

The liquidity profile of the Fund is supported by the substantial portion of liquid assets compared to its total assets. The Fund's clientele is dominated by retail investors, representing ~80% of the Fund's portfolio. Additionally, client concentration risk is considered low, with top ten investors making ~17% of the Fund's investments.

Fund Performance:

During FY24, the Fund's annualized return outperformed the peer average, positioning it within the second quartile.

Financial Snapshot

BALANCE SHEET	FY23	FY24
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY23	FY24
Total Income	1,398.8	3,002.3
Profit Before Tax	1,308.9	2,752.0
Profit After Tax	1,308.9	2,752.0
RATIO ANALYSIS	FY23	FY24
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 Income 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	A+(f)	Reaffirmed
Fund Stability	2-Jan-24	A+(f)	Reaffirmed
Fund Stability	29-Dec-22	A+(f)	Reaffirmed
Fund Stability	3-Jan-22	A+(f)	Reaffirmed
Fund Stability	31-Dec-20	A+(f)	Reaffirmed
Fund Stability	30-Dec-19	A+(f)	Reaffirmed
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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

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