

HBL Islamic Income Fund (HIIF)**Managed By: HBL Asset Management Limited****Fund Stability Rating****Latest Rating****A+(f)****29-Dec-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	75% (6) Months PKISRV rates + 25% (6) months avg deposit rates of 3 AA rated
MQR Rating	AM1 (VIS)
Mgt. Fee	0.50% - 1.36% P.A

Fund Overview

Islamic Income Fund (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on February 20, 2014, between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

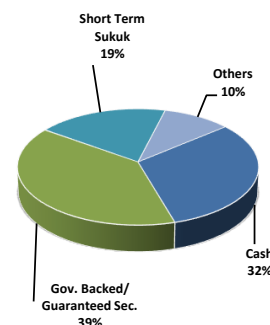
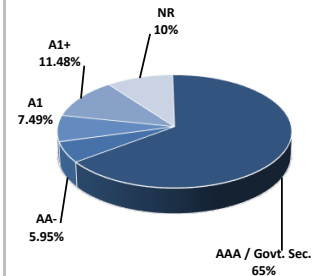
The Investment Objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short-term Shariah compliant debt instruments while taking in to account liquidity considerations.

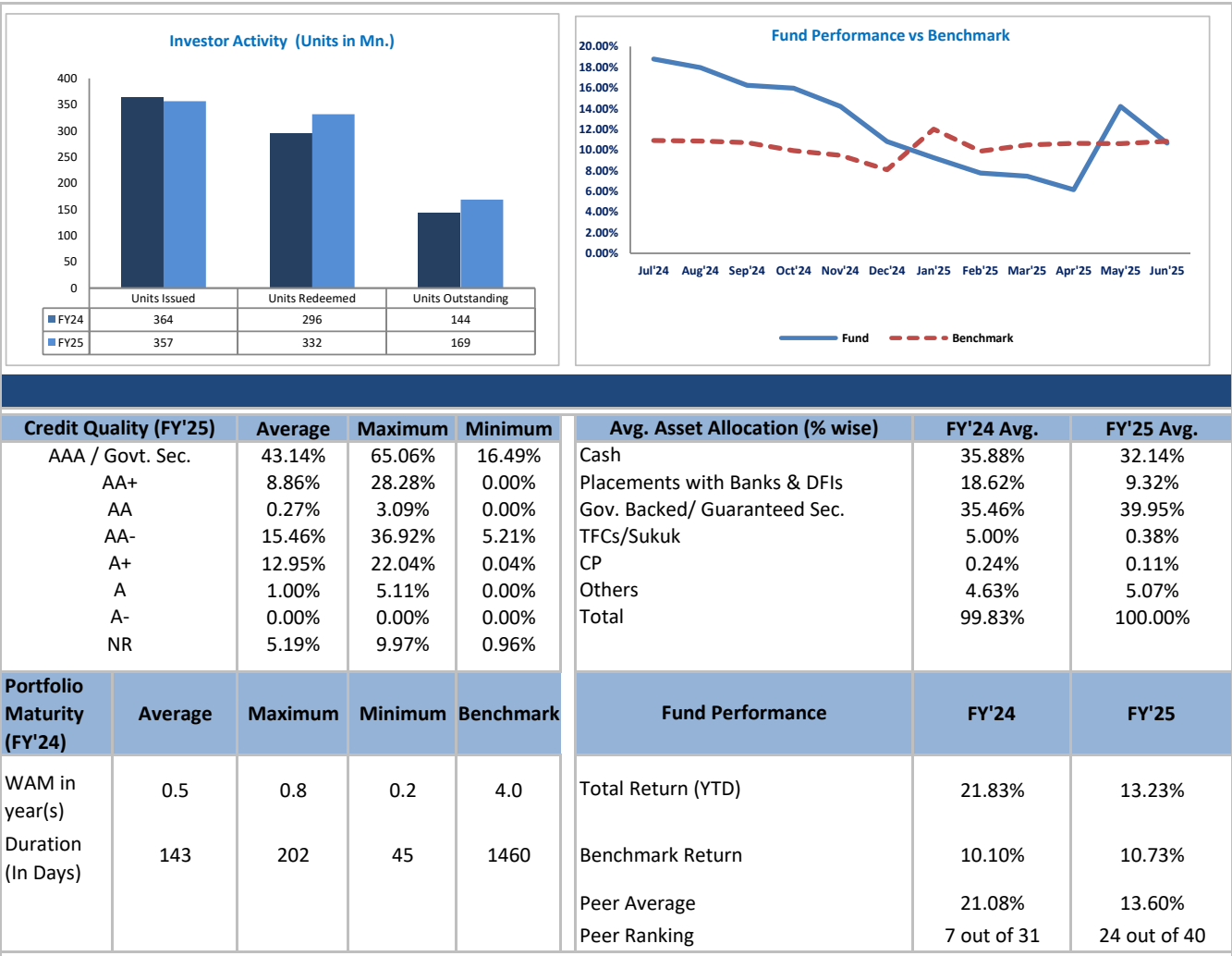
Offering Document (Extract)

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% (cap of \$15m)
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-	As allowed by the Commission
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'23	Jun'24	Jun'25
Net Assets (In PKR' Millions)	7,643	14,899	17,571

Asset Allocation - Jun'25**Credit Quality - Jun'25**



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 FY25, Assets Under Management (AUM) grew by approximately 18% Y/Y, reaching Rs. 17.5b as at Jun'25 (Jun'24: Rs. 14.9b). Over the period, the Fund's asset allocation strategy remained aligned with the parameters outlined in the offering document. On average, the Fund maintained predominant exposure to cash and Government securities, which accounted for ~32% and ~40% of the portfolio, respectively. Investments in short-term sukuk and placements with banks and DFIs represented ~14.2% and ~9.32% of the portfolio, respectively.

Credit Quality:

During FY25, the Fund's credit exposures remained compliant with the offering document, with all investments maintained in instruments rated above A-. On average, exposures were concentrated in Government securities/AAA-rated avenues, which accounted for ~43% of the portfolio, followed by AA- and A+ rated instruments at ~15% and ~13%, respectively. Placements were largely maintained with AA and above-rated banks.

Market and Liquidity risk:

During the review period, the weighted average time to maturity (WAM) of the Fund remained well within the defined limit averaging at 193 days.

The Fund's liquidity profile is supported by a substantial portion of liquid assets, which account for 81% of its total assets. The Fund's clientele is dominated by retail investors, representing ~74% of the Fund's portfolio.

Fund Performance:

During FY25, the Fund's annualized return outperformed the benchmark but slightly lagged the peer average, placing it in the third quartile.

Financial Snapshot

	FY24	FY25
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY24	FY25
Total Income	3,002.3	2,692.8
Profit Before Tax	2,752.0	2,332.8
Profit After Tax	2,752.0	2,332.8
RATIO ANALYSIS	FY24	FY25
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	29-Dec-25	A+(f)	Reaffirmed
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
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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