

HBL Islamic Income Fund (HIIF)

Managed By: HBL Asset Management Limited

Fund Stability Rating

Latest Rating

A+(f)

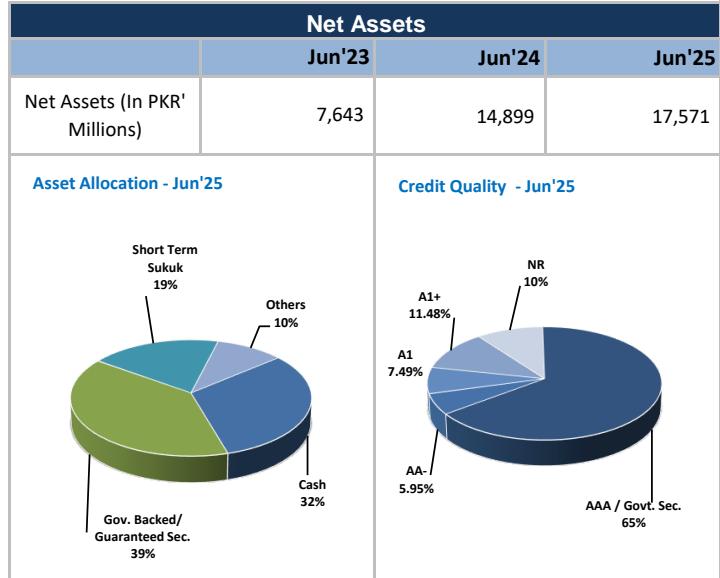
29-Dec-25

What is Fund Stability Rating

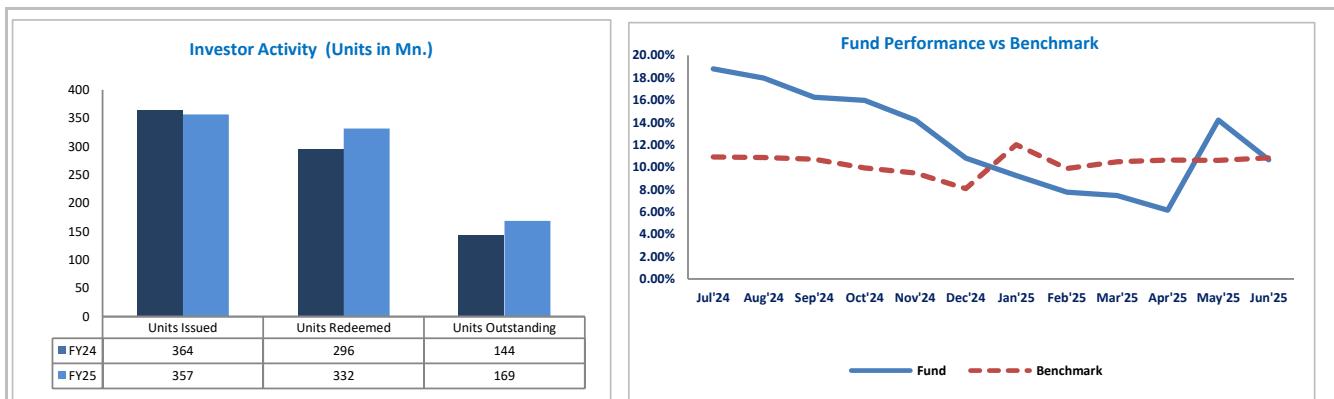
Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors 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		Fund Overview
Launch Date	May 28, 2014	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.
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	

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 Madarbas.2	A-	0%-25%



1. PKR is the official currency of Pakistan. 2. Islamic Micro Finance Banks, Islamic NBFCs and Madarbas are regulated by the Islamic Financial Services Board of Pakistan (IFSBP). The Fund is not regulated by the Securities and Exchange Commission of Pakistan (SECP). The Fund is not a mutual fund as defined under the Securities and Exchange Commission of Pakistan (SECP) Act, 1992. 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.



Credit Quality (FY'25)		Average	Maximum	Minimum	Avg. Asset Allocation (% wise)		FY'24 Avg.	FY'25 Avg.
AAA / Govt. Sec.		43.14%	65.06%	16.49%	Cash		35.88%	32.14%
AA+		8.86%	28.28%	0.00%	Placements with Banks & DFIs		18.62%	9.32%
AA		0.27%	3.09%	0.00%	Gov. Backed/ Guaranteed Sec.		35.46%	39.95%
AA-		15.46%	36.92%	5.21%	TFCs/Sukuk		5.00%	0.38%
A+		12.95%	22.04%	0.04%	CP		0.24%	0.11%
A		1.00%	5.11%	0.00%	Others		4.63%	5.07%
A-		0.00%	0.00%	0.00%	Total		99.83%	100.00%
NR		5.19%	9.97%	0.96%				
Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance		FY'24	FY'25
WAM in year(s)	0.5	0.8	0.2	4.0	Total Return (YTD)		21.83%	13.23%
Duration (In Days)	143	202	45	1460	Benchmark Return		10.10%	10.73%
					Peer Average		21.08%	13.60%
					Peer Ranking		7 out of 31	24 out of 40

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.		
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.		
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Rating Methodology	https://docs.vis.com.pk/Methodologies-2025/FSR-Methodology-Jan-2025.pdf		
Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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Note: VIS' mutual fund rating is not a recommendation to buy, sell, or hold any fund, in as much as it does not comment as to suitability for a particular investor.