

**Al Habib Money Market Fund (AHMMF)****Managed By: Al Habib Asset Management Limited****Fund Stability Rating****Latest Rating****AA+(f)****15-Nov-23****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**

<b>Auditor</b>	EY Ford Rhodes & Co. Chartered Accountants
<b>Trustee</b>	Central Depository Company of Pakistan Limited
<b>Front-end Load</b>	0.03
<b>Back-end Load</b>	Nil
<b>Benchmark</b>	70% 3M PKRV rates+ 30% 3M Avg. Dep. Rate of 3 AA rated banks
<b>MQR Rating</b>	AM2+
<b>Mgt. Fee</b>	Upto 10% of the gross earnings

**Fund Overview**

Al Habib Money Market Fund (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on December 20, 2021, between Al Habib Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

**Investment Objective**

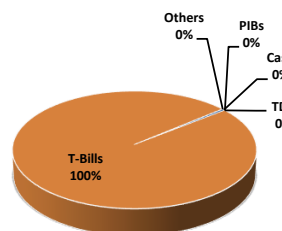
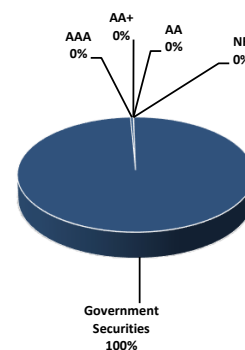
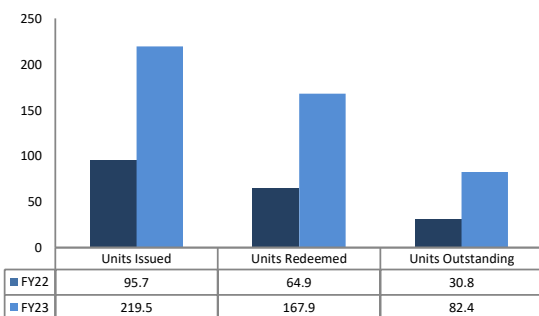
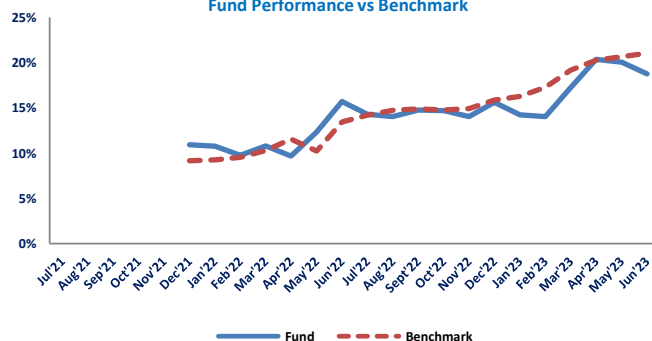
The investment objective of AHMMF is to provide its unit-holders optimum returns from a portfolio of low risk and short duration assets while being highly liquid.

**Offering Document (Extract)**

Description	Minimum rating	Min- Max Limits
Cash and Near Cash Instruments which include Cash in Bank Accounts (Excluding TDR), GOP Ijara Sukuk & Treasury Bill not exceeding 90 days to maturity, at all times	AA	10%-100%
Term Deposit Receipt (TDR) and clean placement with Commercial/Scheduled Banks	AA	0-90%
Letter of Placements/Certificate of Investment (COIs) with DFIs	AA	0-90%
Deposits (Current / Saving / PLS account, term deposit), Certificate of Investments (COIs), Certificate of Musharaka Placements under approved Shariah Compliant Structure 1) With Microfinance Banks 2) With NBFCs/ Modaraba	AA, AAA	0-25%
Government Securities - (PIBs, Treasury Bills and GOP Ijara Sukuks) more than 90 days and equal to 6 Months Maturity and other Government Securities	N/A	0-100%
Reverse repo against Government Securities or such other securities allowed	AA for Bank/ DFI and AAA for NBFC and Modaraba	0-90%
Foreign Investments (in authorized money market instruments and other money market mutual funds)	AA rated by International Rating Agency	Upto 30% of Net Assets or US \$15 Million, whichever is lower

**Net Assets**

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	-	3,076.00	8,273.00

**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.
Government Securities	75.10%	99.55%	0.00%	Cash	71.01%	23.61%
AAA	17.87%	98.84%	0.06%	TDR	0.00%	0.83%
AA+	6.50%	77.83%	0.00%	Placements with DFIs	0.00%	0.00%
AA	0.06%	0.19%	0.00%	PIBs	0.00%	0.00%
AA-	0.00%	0.00%	0.00%	GOP Ijarah Sukuk	0.00%	0.00%
A+	0.00%	0.00%	0.00%	T-Bills	28.46%	75.10%
A	0.00%	0.00%	0.00%	TFCs/Sukuk	0.00%	0.00%
A-	0.00%	0.00%	0.00%	CP	0.00%	0.00%
BBB+	0.00%	0.00%	0.00%	Spread/MTS	0.00%	0.00%
BBB	0.00%	0.00%	0.00%	Others	0.53%	0.45%
BBB-	0.00%	0.00%	0.00%			
NR	0.45%	1.03%	0.03%			
Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in days	36.00	74.00	1.00	Total Return (YTD)	11.79%	17.30%
Duration (In Days)	36.00	74.00	1.00	Benchmark Return (YTD)	10.89%	17.01%
				Peer Average	14.77%	17.41%
				Peer Ranking	17 out of 24	17 out of 24

#### Fund Stability Analysis

Al Habib Money Market Fund (AHMMF) has been assigned a fund stability rating of AA+(f) based on a high degree of stability in the net asset value of the fund, with modest market and liquidity risk that may vary slightly due to changing economic conditions.

#### Asset Allocation:

Assets under management (AUMs) were reported at Rs. 8.27b (Jun'22: Rs. 3.07b) as at Jun'23. The asset allocation guidelines are in accordance with those specified in the offering document. The cash allocation has notably decreased from an average ~71.01% in FY22 to ~23.61% in FY23. Whereas, allocation of T-Bills has increased to an average of ~75.10% in FY23.

#### Credit Quality:

The fund has remained within the required limit to invest in a minimum credit quality rating of 'AA' or higher during the review period. AHMMF has maintained a maximum credit quality of 'AAA' and a minimum credit quality of 'AA'. This indicates a high credit quality portfolio with low credit risk. The fund has primarily invested in government securities (~75.10%).

#### Market and Liquidity Risk:

As of June 2023, the funds investments are dominated by corporates, with ~91% coming from unrelated corporates. The fund limits its weighted average maturity (WAM) to 90 days to mitigate potential losses from adverse movements in the discount rate. Additionally, as per the offering document maturity of any individual asset must not surpass six months while the fund remain compliant to same during the review period.

#### Fund Performance:

Overall, AHMMF has demonstrated a stable fund performance with a conservative asset allocation strategy and a high-quality credit portfolio. The fund generated a YTD return of ~17.3% (including dividends) against the benchmark of ~17.0% as of Jun'23. However, the average month-on-month return during FY23 stood at 16.0% underperforming the benchmark of 17.0%. Relative to peers the fund has been placed in the third quartile.

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		166.4	494.5
Profit Before Tax		158.6	459.6
Profit After Tax		158.6	459.6
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	Al Habib 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	15-Nov-23	AA+(f)	Reaffirmed
Fund Stability	30-Dec-22	AA+(f)	Initial
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.		
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2023 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.		
Rating Methodology	<a href="https://docs.vis.com.pk/docs/FundstabilityRating.pdf">https://docs.vis.com.pk/docs/FundstabilityRating.pdf</a>		
Rating Scale	<a href="https://docs.vis.com.pk/docs/VISRatingScales.pdf">https://docs.vis.com.pk/docs/VISRatingScales.pdf</a>		

Lead Analyst	Analyst
<b>Amin Hamdani</b>	<b>Vernon Joseph Vellozo</b>
<a href="mailto:amin.hamdani@vis.com.pk">amin.hamdani@vis.com.pk</a>	<a href="mailto:vernon.joseph@vis.com.pk">vernon.joseph@vis.com.pk</a>

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.