

HBL Financial Sector Income Fund Plan-II (HBL-FSIFP-II)

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

Launch Date	February 19, 2024
Fund Type	Open Ended
Category	Income Scheme
Risk Profile	Medium
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Up to 2%
Back-end Load	Nil
Benchmark	Six Months KIBOR avg
MQR Rating	AM1 (VIS)
Mgt. Fee	0.51% P.A

Fund Overview

HBL Financial Sector Income Fund Plan-II (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on January 18, 2022, 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 the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

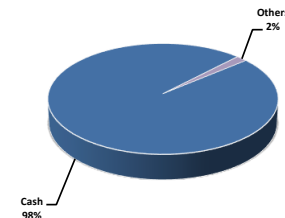
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Government Securities	-	0%-50%
Cash and near cash instruments which include cash in bank accounts with banks including Microfinance banks (excluding TDR's), government securities not exceeding 90 days maturity *	Investment Grade and above	25%-100%
Term Deposits Receipts , COMs / COIs / LOPs / COIs / & other Money Market Instruments issued by Banks (including Microfinance Banks) and Financial Institutions	Investment Grade and above	0%-75%
Term Deposits Receipts , COMs / COIs / LOPs / COIs / & other Money Market Instruments issued by Banks (including Microfinance Banks) and Financial Institutions	Investment Grade and above	0%-15%
Commercial Papers/Short-term Sukuks etc. and any other money market securities;	Investment Grade and above	0%-75%
Reverse Repo Against Government Securities, where maximum maturity of the underlying security will be one year	Investment Grade and above	0%-50%
Debt securities including TFCs/ Sukuks	Investment Grade and above	0%-75%
MTS, Spread Transactions	-	0%40%
Any other securities or instruments that may be permitted or approved under the SECP Rules, Regulations or any other directive from time to time.	Investment Grade and above	0%-30%

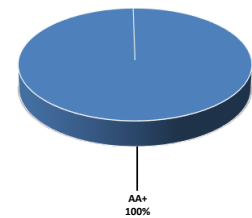
Net Assets

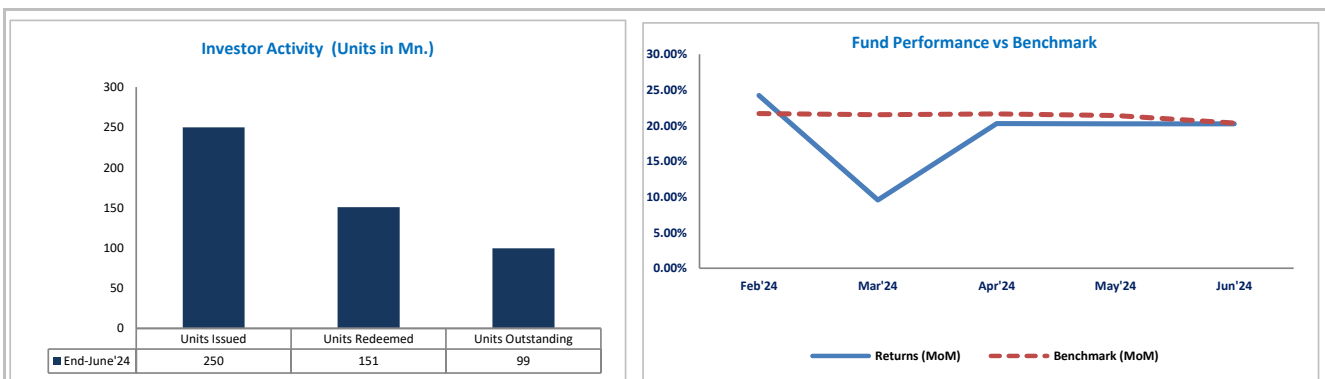
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	-	-	9,957

Asset Allocation - Jun'24



Credit Quality - Jun'24





Investment Performance and Risk Metrics

Credit Quality (FY'24)*	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg*
Govt Sec/AAA	0.75%	0.75%	0.00%	Cash	NA	98.65%
AA+	61.99%	100.00%	61.99%	MTS/Spread Transaction	NA	0.00%
AA	37.26%	37.26%	0.00%	PIBs Floater	NA	0.00%
AA-	0.00%	0.00%	0.00%	Stock/Equities	NA	0.00%
A+	0.00%	0.00%	0.00%	TFC/Sukuks	NA	0.00%
A	0.00%	0.00%	0.00%	T-Bills	NA	0.00%
NR	0.00%	0.00%	0.00%	Commercial Paper	NA	0.00%
Total	100.00%			Gov backed/Guarenteed Sec	NA	0.00%
				Placements with Banks and DFIs	NA	0.00%
				Others	NA	1.35%

*For the period from February 20, 2024 to June 30, 2024

*For the period from February 20, 2024 to June 30, 2024

Portfolio Maturity (FY'24)*	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24*
WAM in year(s)	0.003	0.003	0.003	4.00	Total Return	NA	18.51%
Duration (In Days)	0	0	0	1460	Benchmark Return	NA	21.26%
					Peer Average	NA	21.47%
					Peer Ranking	NA	41/44

*For the period from February 20, 2024 to June 30, 2024

*For the period from February 20, 2024 to June 30, 2024

Fund Stability Analysis

HBL Financial Sector Income Fund Plan-II ('HBL-FSIFP-II' or 'the Plan') has been assigned a Fund Stability rating of AA-(f) based on its asset allocation, credit quality of the investment, liquidity and market risk. This rating indicates high degree of stability in Net Asset Value; Risk is negligible, with very low sensitivity to changing economic conditions.

Asset Allocation:

Since the launch of the Plan in Feb'24, the Assets under Management (AUM) of the fund peaked to Rs. 13b at the end of Feb'24 and then reduced to Rs. 9b at the end of Jun'24. The Plan has adhered to the asset allocation parameters set within the offering document. On average, HFSIFP-II's portfolio is primarily comprised of cash, accounting for 98.7% of the Plan's portfolio.

Credit Quality:

During the first five months of operations, the Plan's credit quality exposures have remained within the parameters as laid out in the offering document. While the constitutive document of the Plan allows for investment in investment grade and above rated instruments, cash deposits were primarily placed in AA+ rated bank.

Market and Liquidity Risk:

As stated in the Investment Policy Statement (IPS), the Weighted Average to Maturity (WAM) of the plan shall not exceed 04 years and this condition shall not apply to Government Securities. Market risk is considered minimal, due to investments primarily held in cash deposits.

HBL-FSIFP-II consists of a single unrelated corporate client, indicating a high concentration risk. However, the risk is mitigated by the plan's asset allocation strategy, with an average of 98.7% of investments held in cash deposits, thereby reducing the redemption risk.

Fund Performance:

The fund outperformed its benchmark in the first month of its operations but has underperformed thereafter.

Financial Snapshot

	FY23	FY24*
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	-	647.4
Profit Before Tax	-	624.6
Profit After Tax	-	624.6
RATIO ANALYSIS		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

*For the period from February 19, 2024 to June 30, 2024

Regulatory Disclosures			
Name of Rated Fund	HBL Financial Sector Income Fund Plan-II	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)	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.		
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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