

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

Managed By: HBL Asset Management Limited

Fund Stability Rating**Latest Rating****AA-(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	February 19, 2024	HBL Financial Sector Income Fund Plan-II (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on November 16, 2021, between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.
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	75% six (6) months KIBOR rates + 25% six (6) months avg. deposit rate (3) AA rated Banks by MUFAAP	
MQR Rating	AM1 (VIS)	
Mgt. Fee	0.21% P.A	

Investment Objective

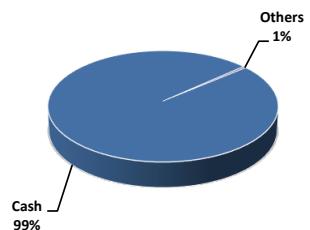
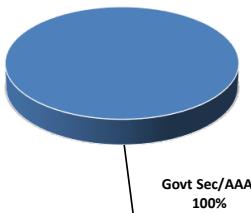
The Objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukus, Bank deposits and short-term money market instruments.

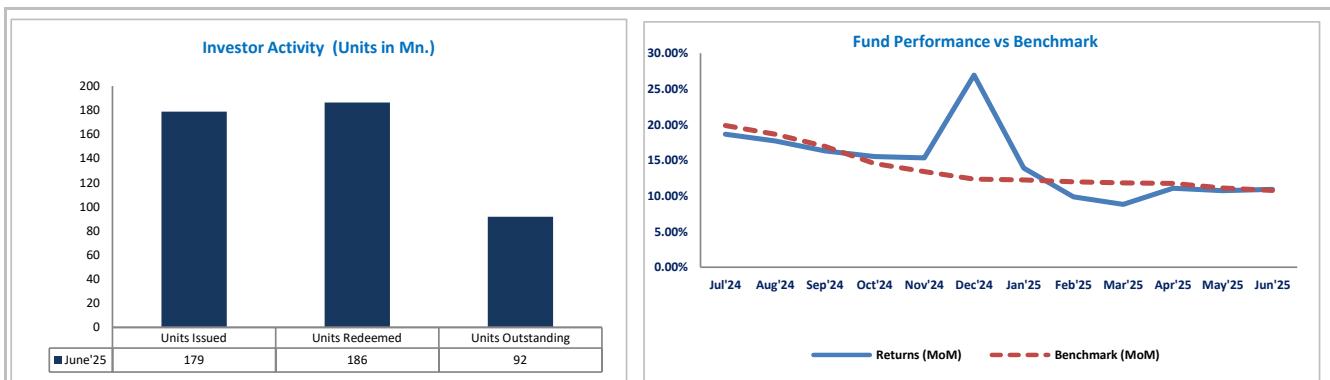
Offering Document (Extract)

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 Sukus 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/ Sukus	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'23	Jun'24	Jun'25
Net Assets (In PKR' Millions)	-	9,957	9,171

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



Credit Quality (FY'25)		Average	Maximum	Minimum
Govt Sec/AAA	75.38%	99.45%	22.64%	
AA+	18.79%	75.57%	0.00%	
AA	0.18%	0.65%	0.00%	
AA-	0.00%	0.00%	0.00%	
A+	0.00%	0.00%	0.00%	
A	0.00%	0.00%	0.00%	
NR	5.65%	22.49%	0.55%	
Total	100.00%			

Avg. Asset Allocation (% wise)		FY'24 Avg.*	FY'25 Avg
Cash		98.65%	94.35%
MTS/Spread Transaction		0.00%	0.00%
PIBs Floater		0.00%	0.00%
Stock/Equities		0.00%	0.00%
TFC/Sukus		0.00%	0.00%
T-Bills		0.00%	0.00%
Commercial Paper		0.00%	0.00%
Gov backed/Guaranteed Sec		0.00%	0.00%
Placements with Banks and DFIs		0.00%	0.00%
Others		1.35%	5.65%

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

Portfolio Maturity (FY'25)	Average	Maximum	Minimum	Benchmark
WAM in year(s)	0.002	0.003	0.000	4.00
Duration (In Days)	1	1	1	1460

Fund Performance		FY'24*	FY'25
Total Return (YTD)		18.51%	15.72%
Benchmark Return		21.26%	13.79%
Peer Average		21.47%	15.63%
Peer Ranking		41 out of 47	23 out of 46

*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:

During FY25, the Fund's Assets Under Management recorded a decline of ~8%, closing at Rs. 9.1b as at Jun'25 (Jun'24: Rs. 9.9b). Over this period, the Fund's asset allocation strategy was largely in line with the guidelines outlined in the offering document. On average, HFSIFP-II's portfolio is primarily comprised of cash, accounting for 94% of the Plan's portfolio.

Credit Quality:

Overall, the portfolio composition underscores adherence to the Plan's credit guidelines and supports a strong credit risk profile consistent with the assigned rating. Cash placements were predominantly maintained with banks rated AA+ and above, reflecting a conservative credit stance.

Market and Liquidity Risk:

HBL-FSIFP-II consists of only two corporate clients, indicating a high concentration risk. However, the risk is mitigated by the plan's asset allocation strategy, with an average of 94.4% of investments held in cash deposits, thereby reducing the redemption risk.

Fund Performance:

During FY25, the Fund yielded an annualized return of 15.72%, outperforming its benchmark and the peer average, placing it in the second quartile.

Financial Snapshot

	FY24*	FY25
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	647.4	721.2
Profit Before Tax	624.6	690.4
Profit After Tax	624.6	690.4
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	29-Dec-25	AA-(f)	Reaffirmed
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.		
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingsScales.pdf		

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