

**HBL Financial Sector Income Fund Plan-I (HBL-FSIFP-I)**

*Managed By: HBL Asset Management Limited*

**Fund Stability Rating**

**Latest Rating**

**A+(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**

<b>Launch Date</b>	January 18, 2022
<b>Fund Type</b>	Open End
<b>Category</b>	Income Scheme
<b>Risk Profile</b>	Medium
<b>Auditor</b>	BDO Ebrahim & Co., Chartered Accountant
<b>Trustee</b>	Central Depository Company of Pakistan Limited
<b>Front-end Load</b>	Up to 2%
<b>Back-end Load</b>	Nil
<b>Benchmark</b>	Six Months KIBOR avg
<b>MQR Rating</b>	AM1 (VIS)
<b>Mgt. Fee</b>	1.500% P.A

**Fund Overview**

HBL Financial Sector Income Fund Plan-I (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.

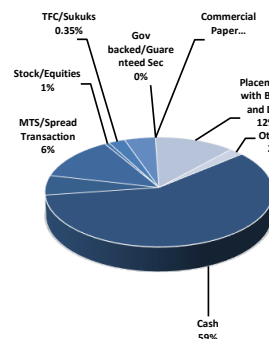
**Offering Document (Extract)**

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 *	A and above	25%-100%
Term Deposits Receipts , COMs / COIs / LOPs / COIs / & other Money Market Instruments issued by Banks (including Microfinance Banks) and Financial Institutions	A and above	0%-75%
Commercial Papers/Short-term Sukuks etc. and any other money market securities;	A and above	0%-75%
Reverse Repo Against Government Securities, where maximum maturity of the underlying security will be one year	A and above	0%-50%
Debt securities including TFCs/ Sukuks	A and above rating for Entity and Instrument	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.	A and above	0%-30%
Exchange Traded Funds	-	0%-10%

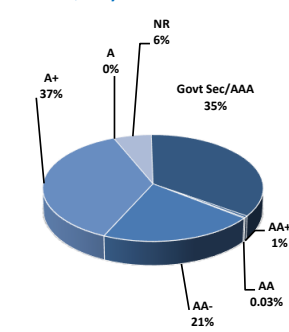
**Net Assets**

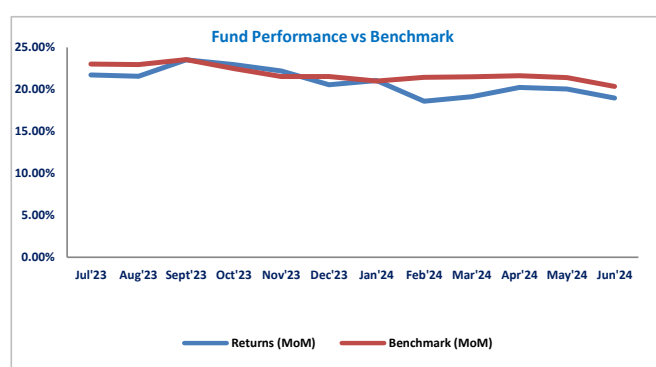
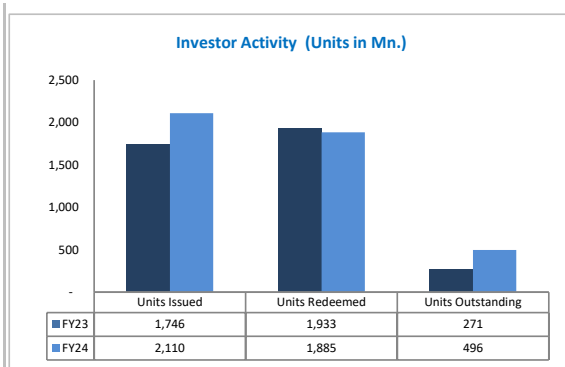
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	45,830	27,434	50,709

**Asset Allocation - Jun'24**



**Credit Quality - Jun'24**





Credit Quality (FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg.
Govt Sec/AAA	21.19%	35.63%	4.67%	Cash	77.94%	61.48%
AA+	2.15%	16.75%	0.00%	MTS/Spread Transaction	1.48%	4.63%
AA	1.14%	2.07%	0.23%	PIBs Floater	0.00%	2.96%
AA-	19.13%	2.07%	12.57%	Stock/Equities	0.27%	0.06%
A+	47.94%	73.18%	28.63%	TFC/Sukuks	4.23%	3.80%
A	0.01%	0.06%	0.00%	T-Bills	1.93%	3.53%
NR	8.45%	22.08%	0.00%	Commercial Paper	2.26%	0.00%
Total	100.00%			Gov backed/Guarenteed Sec	4.39%	8.25%
				Placements with Banks and DFIs	2.03%	10.90%
				Others	5.09%	4.40%
				Total	100%	100%

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	0.71	1.08	0.36	4.00	Total Return	18.26%	22.11%
Duration (In Days)	258	395	133	1460	Benchmark Return	18.33%	18.82%
					Peer Average	16.72%	21.47%
					Peer Ranking	7 out of 24	15 out of 44

**Fund Stability Analysis**

The HBL Financial Sector Income Fund Plan-I ('HBL-FSIFP-I' or 'the Plan') has been assigned a rating of A+(f). This rating indicates a moderate degree of stability in the net asset value (NAV) of the fund, with risk factors that may vary with possible changes in the economy.

**Asset Allocation:**

During FY24, the Plan's Assets under Management (AUM) exhibited significant growth, reaching Rs. 51b in June'24 (June'23: Rs. 27b). The fund has remained compliant with the asset allocation parameters set within the offering document. During FY24, on a month-on-month average basis, the Plan has invested majorly in cash, accounting for 61.5% of the total portfolio, while the remaining investments were placed in placements with Banks and DFIs, government-backed securities, MTS/Spread transactions, and TFC/Sukuks.

**Credit Quality:**

During the review period, the credit quality exposures of the Plan remained within the guidelines stipulated in the offering document. As per the offering document the fund cannot take exposure in issue/issuer rated below A. During the period under review, an average of ~48% of the fund's investments were deployed in 'A+' rated issue/issuer, followed by investments in Govt Sec/AAA rated exposures, which, on average, accounted for ~21% of the Plan's portfolio. Investments in AA- rated issues/issuers accounted for ~19% of the total investments, on average. In line with credit quality guidelines, cash placements were maintained with banks rated within the minimum threshold defined in the policy, ensuring adherence to established credit standards.

**Market and Liquidity Risk:**

Weighted Average Maturity (WAM) is capped at 4 years as per the fund's IPS. During FY24, average WAM of the Plan stood at 258 days, well within the defined threshold.

The liquidity profile of the Plan is considered sound, considering the majority of the investments in liquid assets. The retail clients of the Plan account for ~51% of the AUMs, followed by ~47% of the AUM stemming from unrelated corporates. Additionally, the client concentration is considered moderate, making up ~41% of the Plan's portfolio.

**Fund Performance:**

As at June'24, the Plan generated an annualized return of 22.11% against the benchmark of 18.82%, thereby out performing its peers. Based on the monthly returns, the Plan managed to outperform its benchmark in Oct'23, Nov'23, and Jan'24, while underperforming during the remaining months. Compared to its peers, the Plan is placed 15 out of the 44 income funds, falling in the second quartile.

**Financial Snapshot**

	<b>FY23</b>	<b>FY24</b>
<b>BALANCE SHEET</b>		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<b>INCOME STATEMENT</b>		
Total Income	5,020.6	8,684.0
Profit Before Tax	4,657.6	7,963.7
Profit After Tax	4,657.6	7,963.7
<b>RATIO ANALYSIS</b>		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
<b>Name of Rated Fund</b>	HBL Financial Sector Income Fund Plan-I	<b>Sector</b>	Mutual Funds
<b>Type of Relationship</b>	Solicited	<b>Purpose of Rating</b>	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	3-Mar-25	A+(f)	Initial
<b>Statement by the Rating Team</b>	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.		
<b>Probability of Default</b>	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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