

**HBL Mehfooz Munafa Fund Plan III (HBL-MMFP-III)**

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**

|                       |   |
|-----------------------|---|
| <b>Launch Date</b>    | July 10, 2024   |
| <b>Fund Type</b>      | Open-End Income   |
| <b>Category</b>       | Fixed Rate/Return Scheme  |
| <b>Risk Profile</b>   | Very Low  |
| <b>Auditor</b>        | BDO Ebrahim & Co. Chartered Accountants   |
| <b>Trustee</b>        | Central Depository Company of Pakistan Limited  |
| <b>Front-end Load</b> | NIL   |
| <b>Back-end Load</b>  | Contingent load on early redemption<br>70% three (3) months PKRV rates + 30%<br>three (3) months average deposit rate of<br>three (3) AA rated scheduled Bank as<br>selected by MUFAP |
| <b>Benchmark</b>      |   |
| <b>MQR Rating</b>     | AM1   |
| <b>Mgt. Fee</b>       | 0.65% P.A   |

**Fund Overview**

HBL Mehfooz Munafa Fund Plan III (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on May 17, 2023, between HBL Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

**Investment Objective**

The investment objective of the Fund is to provide competitive returns to its investors through active investments in low risk portfolio of short duration, while maintaining high liquidity. The Fund will aim to maximize returns through efficient utilization of investment and liquidity management tools.

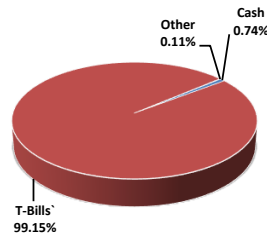
**Offering Document (Extract)**

| Description  | Minimum rating | Min- Max Limits |
|--|----------------|-----------------|
| Bank deposits including TDRs & placement with Banks and DFIs               | AA             | 0%-100%         |
| Government Securities  | N/A            | 0%-100%         |
| Certificate of Deposit (COD) and Certificate of Musharaka (COM) Placements | AA             | 0%-90%          |
| Any other investment as authorized by the commission from time to time     | AA             | 0%-30%          |

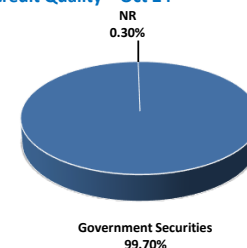
**Net Assets**

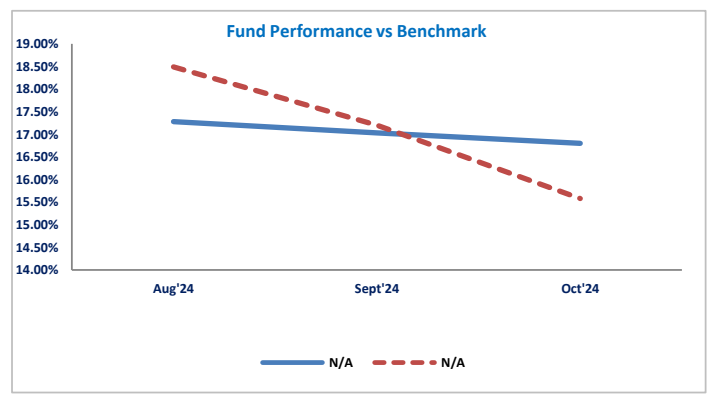
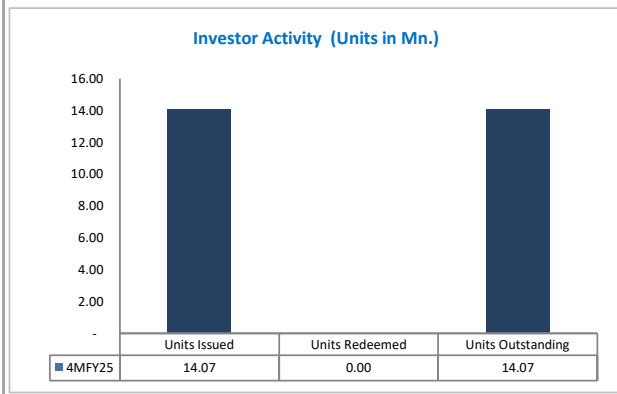
|                               | Jun'23 | Jun'24 | Oct'24   |
|-------------------------------|--------|--------|----------|
| Net Assets (In PKR' Millions) | -      | -      | 1,482.00 |

**Asset Allocation - Oct'24**



**Credit Quality - Oct'24**





| Credit Quality (4MFY'25) |  |  |  | Average | Maximum | Minimum | Avg. Asset Allocation (% wise) |   | FY'24  | 4MFY'25 |
|--------------------------|--|--|--|---------|---------|---------|--------------------------------|---|--------|---------|
| Govt Sec/AAA             |  |  |  | 49.79%  | 100.00% | 0.00%   | Cash                           | - | 0.84%  |         |
| NR                       |  |  |  | 50.21%  | 100.00% | 0.00%   | T-Bills`                       | - | 98.76% |         |
|                          |  |  |  |         |         |         | Other                          | - | 0.40%  |         |

| Portfolio Maturity (4MFY'25) | Average | Maximum | Minimum | Benchmark | Fund Performance | FY'24 | 4MFY'25 |
|------------------------------|---------|---------|---------|-----------|------------------|-------|---------|
| WAM (In Days)                | 296     | 341     | 279     | 1095      | Total Return     | N/A   | 17.44%  |
| Duration (In Days)           | 296     | 341     | 279     | 1095      | Benchmark Return | N/A   | 16.82%  |
|                              |         |         |         |           | Peer Average     | N/A   | 23.62%  |
|                              |         |         |         |           | Peer Ranking     | N/A   | 64/67   |

### Fund Stability Analysis

The HBL Mehfooz Munafa Fund Plan III ('HBL-MMFP-III' or 'the Plan') has been assigned a rating of AA (f) for fund stability. This rating indicates a high degree of stability in the Net Asset Value (NAV) of the fund. The fund's risk profile is modest but may vary slightly due to changing economic conditions.

#### Asset Allocation:

Launched in July'24 with Assets Under Management (AUM) of Rs. 1.4b, the Plan witnessed subdued growth in AUM, reaching Rs. 1.5b by Oct'24. During this period, the actual asset allocation remained compliant with the investment policy outlined in the offering document and VIS's criteria. Throughout 4MFY25, the Plan's investments were predominantly deployed in T-Bills, which accounted for an average of ~99% of the portfolio.

#### Credit Quality:

The Credit Risk Criteria of the Plan falls within the guidelines stipulated in VIS's methodology. The Plan's investment policy mandates investing in instruments rated 'AA' and above. During the period, the Plan has remained compliant with the minimum requirement and maintained a healthy credit quality by primarily investing in Government securities. The not rated portion of the Plan primarily comprises receivables from the sale of investments in T-Bills. Going forward, maintaining credit quality will be important for sustaining the current rating.

#### Market Risk:

The maturity of the Plan is nine months. As per the offering document, the weighted average to maturity (WAM) of the 90% assets shall not exceed the maturity of the Plan, which the Plan has adhered to over the 4 months tenure.

HBL-MMFP-I 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 investments primarily held in liquid assets, thereby reducing the redemption risk.

#### Fund Performance:

During the first four months of operations, the Plan's year-to-date return has outperformed its benchmark.

### Financial Snapshot

|                         | FY23 | FY24 |
|-------------------------|------|------|
| <b>BALANCE SHEET</b>    |      |      |
| Paid Up Capital         | N/A  | N/A  |
| Total Equity            | N/A  | N/A  |
| <b>INCOME STATEMENT</b> |      |      |
| Total Income            | -    | -    |
| Profit Before Tax       | -    | -    |
| Profit After Tax        | -    | -    |
| <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 Mehfooz Munafa Fund Plan III  | <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  | AA (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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| <b>Rating Methodology</b>           | <a href="https://docs.vis.com.pk/docs/FundstabilityRating.pdf">https://docs.vis.com.pk/docs/FundstabilityRating.pdf</a>   |                          |                             |
| <b>Rating Scale</b>                 | <a href="https://docs.vis.com.pk/docs/VISRatingScales.pdf">https://docs.vis.com.pk/docs/VISRatingScales.pdf</a>   |                          |                             |

| Lead Analyst   | Analyst |
|--|---------|
| <b>Shaheryar Khan Mangan</b>                                   | -       |
| <a href="mailto:shaheryar@vis.com.pk">shaheryar@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.