

Date: January 13, 2017

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Investment Objective

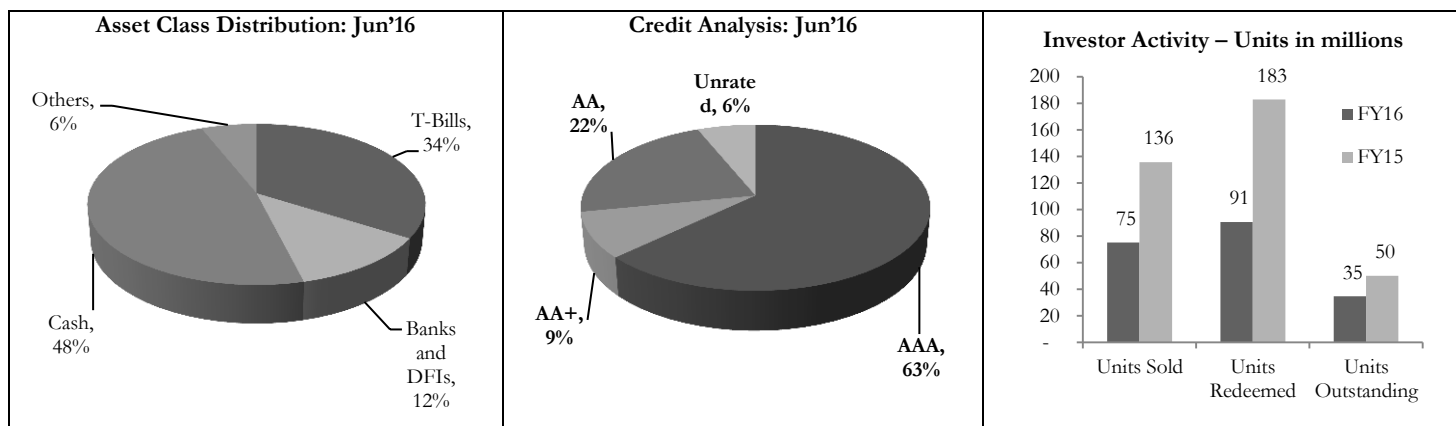
The objective of the fund is to seek high liquidity and comparative return for investors by investing in low risk securities of shorter duration and maturity.

HBL Money Market Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) <i>Jan 05, 2017</i>	AA(f) <i>Jan 14, 2016</i>
AMC	HBL Asset Management Limited	
External Auditors – Fund	Deloitte Yousuf Adil & Co.	
Fund Managers	Mr. Fahad Aziz	
Trustee	Central Depository Company	
Front-end Load	-	
Back-end Load	-	
Management Fee	1% per annum	
Benchmark	70% 3 month PKRV & 30% 3 month deposit rate	

HBL MMF		
	FY16	FY15
Type of Scheme	Money Market	
Return (%)	5.1%	8.8%
Benchmark (%)	5.5%	7.9%
Peer Average (%)	5.5%	8.6%
Relative Ranking	19 out of 22	9 out of 21
Fund Size (in Rs. m)	3,523	5,081
Retail (%)	23%	23%
Associates (%)	20%	58%
Number of Investors	730	794
Top 10 Investors / AUMs	72%	55%
WATM (Weighted Average Time to Maturity)	13 days	16 days
Duration	13 days	16 days
Asset Allocation (at end June)		
<i>T-Bills</i>	34%	19%
<i>PIBs</i>	-	-
<i>TFCs/Sukuks</i>	-	-
<i>Certificate of Investments</i>	2%	-
<i>Cash</i>	48%	56%
<i>Banks & DFIs</i>	10%	25%
<i>MTS</i>	-	-
<i>Others (including receivables)</i>	6%	-

JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh



HBL Money Market Fund (HBL MMF) is an open ended fund which offers investors high liquidity by investing in shorter duration securities.

Table 1: Offering document (extract)

Description	Min-Max limits	Min-Max Actual	Min Rating
Treasury Bills and other Government Securities	0%-100%	11%-91%	-
Reverse Repo against Government Securities or other authorized investments	0%-50%	-	AA
Deposits with / Lending (under LOP) to scheduled banks	0%-100%	2%-98%	AA
Securities issued by Government owned, controlled or managed entities provided that such securities are backed by an irrevocable and unconditional Government guarantee	0%-20%	-	AA
Deposits with / Lending (under LOP) to DFIs	0-10%	-	AA
Certificate of Deposits (CODs), Certificate of Investment (COIs), Certificate of Musharaka	0-10%	-	AAA
Foreign Money Market Investments	30% (cap of \$15m)	-	AA

The Investment Committee (IC) comprises Chief Executive Officer, Head of Research, Chief Investment Officer, Manager Risk, Head of Fixed Income and fund managers. Investment decisions are consensus based.

Net Assets of the funds reduced to Rs. 3.5b (FY15: Rs.5.1b); the decline is attributable to all investors. Thus relative contribution was maintained at previous year's levels; retail holding stood at 23% and associates were maintained at 20%.

Asset Allocation

Table 2: Asset Allocation

Assets	Jun'16	Jun'15	Average
T-Bills	34%	19%	65%
Banks and DFIs	12%	25%	14%
Cash	48%	56%	17%
PIBs	-	-	1%
Others	6%	-	2%
Total	100%	100%	

As compared to preceding year, the fund altered its asset allocation; higher proportion was invested in T-bills in lieu of holding deposits with banks. As at end June'16, 34% (FY15: 19%) of net assets were allocated to T-Bills and 48% (FY15: 56%) deposited in saving accounts.

Credit & Market risk

Table 3: Credit Quality Summary- FY16

Credit Quality	Average	Maximum	Minimum
AAA	72%	96%	24%
AA+	10%	43%	0%
AA	15%	39%	0%

The fund is allowed to invest in issuer/issue with a minimum credit rating of ‘AA’. Complying with the requirements, the fund invested in AA and above rated instruments/entities. Since a major portion of the portfolio was invested in T-bills, which are deemed to be AAA rated, the credit quality remains adequate.

Table 4: Risk Summary-FY16

	Average	Maximum	Minimum
WATM (days)	54	86	13

Over FY16, Weighted Average Time to Maturity remained under the specified limit of 90 days. Given greater investment in T-Bills, WATM was reported lower as compared to last year (FY16: 13 days; FY15: 16 days).

Liquidity Profile

Retail holdings remained on the lower side; it was maintained at 23% (FY15: 23%) over FY16. Owing to redemptions, granularity declined and top 10 investor concentration increased to 72% (FY15: 55%) as at end June’16. Likewise, number of investors declined to 730 (FY15: 794).

Fund Performance

Figure 1: Monthly return Vs. Benchmark

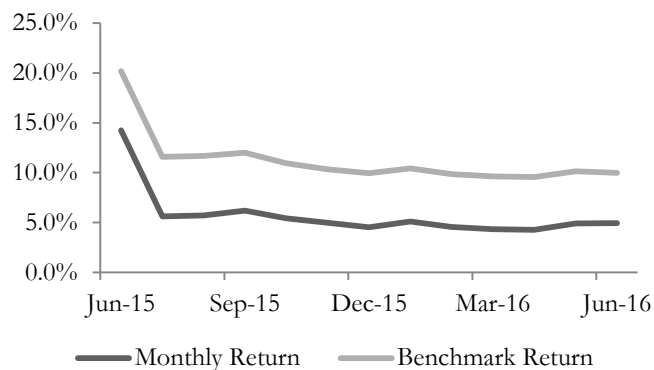


Table 5: Fund performance

	FY16	FY15
Return (%)	5.1%	8.8%
Benchmark (%)	5.5%	7.9%
Peer Average	5.5%	8.6%
Relative Ranking	19/22	9/21

Against benchmark defined as 70% 3 month PKRV & 30% 3 month deposit rate, the fund underperformed. Returns remained low owing to low interest rate scenario; however HBL MMF generated a return of 5.1%, below peer average of 5.5%. Relative to peers, fund’s ranking deteriorated to 19th out of 22 peers (FY15: 9th out of 21 peers) JCR-VIS

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Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
05-Jan-17	AA(f)	-	-	Reaffirmed
14-Jan-16	AA(f)	-	-	Reaffirmed
26-Dec-14	AA(f)	-	-	Reaffirmed
21-Oct-13	AA(f)	-	-	Reaffirmed
29-Mar-12	AA(f)	-	-	Harmonised