

JCR-VIS Credit Rating Company Limited

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

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Investment Objective

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)	AA(f)
	Jan 14, 2016	Dec 26, 2014
Management Company	HBL Asset Management Limited	
Chief Executive	Mr. Rehan N. Shaikh	
External Auditors - Fund	KPMG TaseerHadi& Co.	
Fund Manager	Mr. Fahad Aziz	
Trustee	Central Depository Company	
Front-end/Back-end Load	-	
Management Fee	1.0% per annum	
Benchmark	50% 3-m PKRV & 50% 3-m deposit rate	

Asset Class Distribution: End Sep '15	Credit Analysis: End Sep '15	Investor Activity

HBL Money Market Fund (HBL MMF) was launched in July 2010 as an open-end money market fund. Size of HBL MMF declined to Rs. 5.1b at end-FY15 (end-FY14: Rs. 9.8b), at end-1QFY15, fund size stood at Rs. 5.3b

As per the IPS, other than investment in government securities, all other investment instruments are made in instruments with a minimum credit rating of 'AA' reflecting minimal credit risk. Investment restrictions of the fund as per IPS is tabulated below

Investments	Minimum Entity/Instrument Rating	Maximum Exposure as % of net assets
T-Bills and other Government Securities	-	100%
COD, COI, COM, Foreign Money Market Investments	AAA	10%
Securities issued by Govt. owned, controlled or	AA or above by an International Rating Agency	30% subject to a cap of US\$ 15m
	AA	20%

managed entities

Reverse Repo transactions against Government Securities or authorized investments	AA and above for other than government securities	50%
Deposits with / Lending (under LOP) to scheduled banks	AA	100%
Deposits with / Lending (under LOP) to DFIs	AA	10%

On a year on year basis, proportion of investment in term deposit increased while share of T-bills has reduced. At end-1QFY15, 52.5% of the total assets of the fund were deployed in T-bills. Actual asset allocation of the fund is presented in the table below:

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	1QFY16	Average FY15	Average FY14
Term Deposits	45.9%	14.6%	12.7%
Cash	1.5%	8.1%	5.7%
T-bills	52.5%	76.2%	79.7%
Other (inc receivables)	0.4%	1.1%	0.7%
Investment in Reverse Repo	-	-	1.2%

Given that the fund maintains majority of the exposure in sovereign instruments, the fund's exposure to credit risk is considered minimal. Asset quality is expected to be maintained, given the restrictions on credit risk that may be assumed by the fund.

As per the IPS, time to maturity of any asset shall not exceed 6 months while Weighted Average Maturity (WAM) of the net assets shall not exceed 90 days. At end-FY15, highest maturity of a single instrument was less than two months while WAM of the fund's net assets was reported 16 days (end-FY14: 65.8 days).

	Average	Maximum	Minimum
WAM	58.8	89.2	16

Investment by retail investors increased to 23% at end-FY15 (end-FY14: 10%) while share of investment by HBL remained low (FY15: 3%; FY14: 2%). Corporate entities continue to remain the main unit holders of the fund. Number of unit holders increased marginally to 803 (FY14: 797).

Performance of the fund is benchmarked against a 50:50 breakup of 3-month PKRV and 3-month deposit rates of the three 'AA' rated banks. In FY15, the fund posted a return of 8.79% vis-à-vis peer group average return of 8.4%. In terms of relative performance, the fund was ranked in the top quartile. During 1QFY16, the fund posted a return (annualized) of 5.7%.

	Sep'15	FY15	FY14
Total Return	5.70%	8.79%	8.08%
Peer Group Ranking	14 out of 22	5 out of 22	16 out of 21
Benchmark Return	5.92%	7.88%	8.46%
Maximum Return in Peer Group	13.11%	10.89%	10.50%

Note: ranking for money market funds is based on gross returns

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