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

February 02, 2016

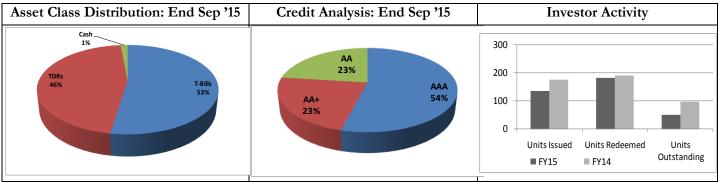
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Investment Objective

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 -	KPMG TaseerHadi& Co.		
Fund			
Fund Manager	Mr. Fahad Aziz		
Trustee	Central Depository Company		
Front-end/Back-end	_		
Load			
Management Fee	1.0% per annum		
	50% 3-m PKRV & 50% 3-m		
Benchmark	deposit rate		



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	-	100%
Government Securities		
COD, COI, COM,	AAA	10%
Foreign Money Market	AA or above by an	30% subject to a
Investments	International Rating	cap of US\$ 15m
	Agency	•
Securities issued by Govt. owned, controlled or	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	AA	100%
banks 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	0.4%	1.1%	0.7%
receivables)			
Investment in	-	-	1.2%
Reverse Repo			

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	14 out of	5 out of	16 out of 21
Ranking	22	22	
Benchmark	5.92%	7.88%	8.46%
Return			
Maximum Return	13.11%	10.89%	10.50%
in Peer Group			

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
	RA	TING TYPE: Fund Stal	bility	
14-Jan-16	AA(f)	-	-	Reaffirmed
26-Dec-14	AA(f)	-	-	Reaffirmed
21-Oct-13	AA(f)	-	-	Reaffirmed
29-Mar-12	AA(f)	-	-	Harmonised