

HBL TOTAL TREASURY INDEX

Salient Features and Methodology

HBL Asset Management Limited has launched a Government Debt Securities ETF, the first of its type in Pakistan. HBL Total Treasury Exchange Traded Fund is an open-ended Fixed Income ETF that is listed and traded on the Pakistan Stock Exchange (PSX) having an objective to track the performance of HBL Total Treasury Index (HBLTTI), its Benchmark Index. The ETF's symbol/ticker on PSX will be HBLTETF.

The Index aims to track the performance of a blend of Government Securities such that the weighted average maturity of Index basket of investments will not exceed 4 years.

Composition, Methodology and Weight Assignment of HBLTTI

HBLTTI will comprise of Cash and investible Government of Pakistan Debt Securities with weights assigned to each eligible security based on its time to maturity. The Index components investment limits will be as follows:

Cash & Cash Equivalent : 0% - 100% T-Bills: 0% - 100% PIBs: 0% - 100%

Cash and Cash Equivalent will be a component of the Benchmark Index, with Cash maintained in bank accounts with minimum A rating. The Index's composition shall be based on economic outlook, liquidity position, availability of instruments and to hedge against any idiosyncratic movement in interest rates. The Index will follow a Weighted Average Maturity Methodology wherein weights assigned to the component securities making up the Index will be such that the Index's overall portfolio's Weighted Average Maturity (WAM) will not exceed 4 years and a minimum exposure of 70% in Government Securities over a quarterly average.

The current composition of index is as follows:

Eligibility and selection of constituents of the index

- Cash
- Government Securities:
 - Treasury Bills (T-Bills) up to 1 year time to maturity
 - Pakistan Investment Bonds (PIBs) up to 10 years time to maturity

| Asset Class | Cash | T-Bills | T-Bills | T-Bills | PIBs | PIBs | PIBs |
|------------------|-------|----------------|----------------------------|-----------------------------|---------------|--------------------------|---------------------------|
| Time to Maturity | - | Up to 3 months | 3 months to up to 6 months | 6 months to up to 12 months | Up to 3 years | 3 years to up to 5 years | 5 years to up to 10 years |
| Weight | 0.41% | 0.0% | 0.0% | 99.59% | 0% | 0% | 0% |

The adjustment for new money and coupon payments will be such that:

- New Investment amounts will be distributed among assets classes on market value as per the current weights.
- PIB coupon(s) will be held in cash until the next rebalancing cycle.

Rebalancing and Reconstitution of the Index

The Index may be rebalanced and reconstituted on intervals as specified in the HBL Total Treasury ETF's Offering Document and also mentioned herewith to coincide with Government of Pakistan Treasury Auction Dates in order to provide consistent returns to its investors through active investments in a blend of Government Securities thereby providing superior risk adjusted Total Return.

| | Rebalancing | Reconstitution |
|----------------|--|---|
| Rationale | Alter assigned weights to any index component(s) to manage yield and WAM, rectify any limit breach, security maturity/unavailability | To add/delete any Government Security to consider its remaining maturity and availability |
| Frequency | 14 Days or multiples of 14 days coinciding with Treasury auction dates | 84 Days coinciding with Treasury auction dates |
| Basis | Treasury Bill Auction Date | Treasury Bill Auction Date |
| Implementation | Treasury Bill Settlement Date | Treasury Bill Settlement Date |

Maintenance and Dissemination of the Index

The day-to-day maintenance of the Index will be carried out by HBL Asset Management Limited. HBL Asset Management will ensure that HBLTTI maintains its benchmark properties by striking a balance between frequent replacements in the Index and maintaining its historical continuity. The value and performance of the ETF and its Index will be posted and available on HBL AMC's website and shared with MUFAP and PSX on end of day basis to keep investors informed.

Disclaimer

The Index and the Fund are neither sponsored, endorsed and sold nor marketed by the Exchange, its affiliates or third-party suppliers to any extent. Further, the Index is not checked, audited, confirmed, or managed by the Exchange to any extent, except that the Exchange is only providing Index distribution services for the Fund. All Investments in Exchange Traded Fund are subject to market risks. The investors are advised in their own interest to carefully read the contents of the Offering Document.