

RATING REPORT

UBL Fund Managers Limited

REPORT DATE:

January 19, 2016

RATING ANALYSTS:

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RATING DETAILS

	Latest Rating	Previous Rating
Rating Category	MQR	MQR
MQ Rating	AM2+	AM2+
Rating Date	Dec' 31, '15	Dec 31, '14

COMPANY INFORMATION

Incorporated in April 2001

External auditors: A.F. Fergusons & Co.

Chairman of the Board: Mr. Tariq Kirmani

Key Shareholders:

Chief Executive Officer: Mr. Mir Muhammad Ali, CFA

United Bank Limited – 100%

APPLICABLE METHODOLOGY(IES)

Mutual Funds Rating (December 2006): <http://www.jcrvis.com.pk/Images/MFund-20061201-2.pdf>

UBL Fund Managers Limited

OVERVIEW OF THE INSTITUTION

UBL Fund Manager Limited was established as a Public Limited Company in 2001. It is wholly owned subsidiary of UBL Bank and holds Investment Banking and Advisory services license.

RATING RATIONALE

UBL Fund Managers (UBL FM) has a market share of around one-tenth of industry AUMs at end-June'2015. AUMs (adjusted for fund of funds) during FY15 have grown in line with industry trends; resultantly market share has been maintained at prior year level. Adjusting for investment in associates, market share was reported at around 7.7% at end-June'2015. Diversification in investor base has improved with proportion of retail AUMs increasing to around 29.1% (FY14: 20.3%) of total AUMs at end-June'2015. Product suite of the company caters to most investor needs with special emphasis on product development.

Senior management team comprises experienced professionals. Turnover has been noted at key management positions namely; Chief Investment Officer (CIO) and Head of Research. The former Head of Risk Management department has assumed charge as the CIO. The management has recently appointed a new head of Compliance and Risk Management while a new Research head has also been identified. Organization structure changes since last review include segregation of Internal Audit and Compliance function. Moreover, Research function has been made a separate independent department with reporting to the CIO. Previously, Research function was merged with the fund management function.

Investment process is formalized and well-structured with strategic decisions taken at the Investment Committee (IC) level. Meetings of the committee are convened on a fortnightly basis with composition of IC conforming to best practices. IC comprises 5 voting members, including CEO, COO, CIO, Head of Research and Risk Management. While changes in the investment team, including fund managers, have not resulted in major impact on the company's activities, JCR-VIS believes that there is a need to reduce personnel turnover in order to provide stability and continuity to the investment team.

Risk management and control infrastructure is adequate, relying on effectively functioning board committees, regular monitoring of market and liquidity risk in all funds through daily risk reports and satisfactory controls and policies. While remaining within internal policy guidelines, WAM and Duration for conventional income funds has exceeded JCR-VIS's internal guidelines; although this has been the case for other conventional income funds in the industry as well.

Management has taken a number of steps to improve confidentiality and controls for the investment trading process including addition of another dealer, well defined & stringent order communication by fund manager to dealers' volume weighted average price based executions, particularly for illiquid scrips. Moreover, revision in employee trading policy, video recordings in the trading room, extension of audio recording feature to the entire investment department and criteria for listening to call recordings was also revised. While measures taken to further strengthen control environment have been noted positively, any weakness in controls in the future may bring rating under pressure.

Performance of equity funds under management during FY15 (July'2014 to June'2015) are in the second quartile. However, returns have improved recently, resulting in improvement in peer ranking of equity funds during CY15 (Jan'2015 to Dec'2015). Performance of UBL Liquidity Plus Fund (ULFP) ranked in the second quartile, while performance of UBL Money Market Fund (UMMF) and Al Ameen Islamic Cash Fund (AICF) ranked in the 4th and 3rd quartile respectively. Performance of retirement & income funds (UBL Government Securities Fund) compares favorably to peers. As one of the key rating parameters, JCR-VIS will continue to monitor the performance of assets under management over time; adverse trend in the same could trigger a rating review.

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

UBL Fund Managers Limited

FINANCIAL SUMMARY		Appendix III		
UBL LIQUIDITY PLUS FUND (ULPF)		FY15	FY14	FY13
Fund Size (in Rs. millions)		4,466	10,569	15,681
Return (%)		8.6%	8.0%	8.9%
Benchmark (%)		7.7%	8.2%	8.2%
Retail Proportion (% of Net assets)		26.0%	22.0%	18.2%
Ranking Against Peers		8 out of 22	9 out of 21	18 out of 21
UBL MONEY MARKET FUND (UMMF)		FY15	FY14	FY13
Fund Size (in Rs. millions)		2,069	1,555	N/A
Return (%)		8.0%	7.8%	N/A
Benchmark (%)		8.3%	9.6%	N/A
Retail Proportion (% of Net assets)		58.0%	50.0%	N/A
Ranking Against Peers		17 out of 22	17 out of 21	N/A
UBL GOVERNMENT SECURITIES FUND (UGSF)		FY15	FY14	FY13
Fund Size (in Rs. millions)		6,251	5,788	1,905
Return (%)		15.5%	8.3%	9.9%
Benchmark (%)		8.1%	8.8%	8.9%
Retail Proportion (% of Net assets)		33.0%	9.4.0%	40.7%
Ranking Against Peers		3 out of 7	3 out of 6	5 out of 6
UBL FINANCIAL SECTOR BOND FUND (UFBF)		FY15	FY14	FY13
Fund Size (in Rs. millions)		67	170	673
Return (%)		10.9%	7.0%	9.2%
Benchmark (%)		8.7%	8.7%	8.6%
Retail Proportion (% of Net assets)		97.8%	19.9%	18.9%
Ranking Against Peers		16 out of 21	19 out of 21	13 out of 19
UNITED GROWTH & INCOME FUND (UGIF)		FY15	FY14	FY13
Fund Size (in Rs. millions)		3,384	3,592	3,067
Return (%)		11.9%	18.4%	10.7%
Benchmark (%)		9.6%	9.5%	10.4%
Retail Proportion (% of Net assets)		1.4%	2.1%	1.3%
Ranking Against Peers		7 out of 8	2 out of 8	4 out of 9
UBL GOLD FUND (UGF)		FY15	FY14	FY13
Fund Size (in Rs. millions)		139	138	140
Return (%)		(6.0)%	12.9%	(17.1)%
Benchmark (%)		(5.6)%	6.4%	(18.9)%

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Retail Proportion (% of Net assets)	25.8%	22.0%	33.6%
Ranking Against Peers	2 out of 2	1 out of 2	1 out of 1
UBL ASSET ALLOCATION FUND (UAAF)			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	1,000	1,088	N/A
Return (%)	22.7%	13.5%	N/A
Benchmark (%)	11.5%	13.8%	N/A
Retail Proportion (% of Net assets)	70.0%	17.0%	N/A
Ranking Against Peers	3 out of 12	7 out of 12	N/A
UBL STOCK ADVANTAGE FUND (USF)			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	3,985	4,059	1,557
Return (%)	22.1%	31.5%	55.2%
Benchmark (%)	13.5%	38.1%	46.0%
Retail Proportion (% of Net assets)	20.7%	2.3%	27.4%
Ranking Against Peers	9 out of 21	15 out of 23	6 out of 20
UBL PRINCIPAL PROTECTED FUND II (UPPF II)			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	978	893	N/A
Return (%)	11.9%	13.6%	N/A
Benchmark (%)	15.5%	19.4%	N/A
Retail Proportion (% of Net assets)	33.8%	47.8%	N/A
Ranking Against Peers	2 out of 3	1 out of 2	N/A
UBL PRINCIPAL PROTECTED FUND III (UPPF III)			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	1,537	1,413	N/A
Return (%)	12.9%	4.6%	N/A
Benchmark (%)	16.3%	9.1%	N/A
Retail Proportion (% of Net assets)	61.3%	69.5%	N/A
Ranking Against Peers	1 out of 3	2 out of 2	N/A
UBL RETIREMENT SAVINGS FUND (URSF)			
	FY15	FY14	FY13
<i>Equity sub-fund</i>			
Fund Size (in Rs. millions)	839	408	183
Return (%)	47.7%	39.9%	66.4%
<i>Debt sub-fund</i>			
Fund Size (in Rs. millions)	638	355	177
Return (%)	19.4%	7.8%	9.9%
<i>Money market sub-fund</i>			
Fund Size (in Rs. millions)	293	299	190
Return (%)	7.3%	7.2%	8.5%

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<i>Commodity sub-fund</i>			
Fund Size (in Rs. millions)	32	31	N/A
Return (%)	(2.8%)	3.3%	N/A
<u>AL AMEEN ISLAMIC CASH FUND (AICF)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	5,302	1,694	138
Return (%)	6.6%	6.5%	6.8%
Benchmark (%)	7.0%	7.1%	7.0%
Retail Proportion (% of Net assets)	2.0%	2.0%	20.8%
Ranking Against Peers	3 out of 4	3 out of 4	3 out of 3
<u>AL AMEEN ISLAMIC SOVEREIGN FUND (AISF)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	1,504	3,631	4,119
Return (%)	6.2%	8.1%	9.1%
Benchmark (%)	7.4%	7.2%	6.9%
Retail Proportion (% of Net assets)	64.0%	48.0%	44.6%
Ranking Against Peers	3 out of 3	3 out of 3	2 out of 3
<u>AL AMEEN ISLAMIC AGGRESSIVE INCOME FUND (AIAIF)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	829	N/A	N/A
Return (%)	8.3%	N/A	N/A
Benchmark (%)	8.1%	N/A	N/A
Retail Proportion (% of Net assets)	57.0%	N/A	N/A
Ranking Against Peers	2 out of 3	N/A	N/A
<u>AL AMEEN ISLAMIC ASSET ALLOCATION FUND (AIAAF)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	1,120	163	N/A
Return (%)	18.0%	5.3%	N/A
Benchmark (%)	11.6%	7.3%	N/A
Retail Proportion (% of Net assets)	85.0%	28.0%	N/A
Ranking Against Peers	3 out of 5	5 out of 5	N/A
<u>AL AMEEN SHARIAH STOCK FUND (ASSF)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	7,198	4,135	1,233
Return (%)	27.1%	34.4%	49.5%
Benchmark (%)	20.1%	29.9%	51.2%
Retail Proportion (% of Net assets)	13.0%	10.0%	21.9%
Ranking Against Peers	3 out of 11	2 out of 8	3 out of 7
<u>AL AMEEN ISLAMIC PRINCIPAL PRESERVATION FUND II (AIPPF-II)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	1,199	1,087	N/A
Return (%)	13.9%	14.2%	N/A
Benchmark (%)	17.3%	14.5%	N/A
Retail Proportion (% of Net assets)	46.0%	47.0%	N/A
Ranking Against Peers	4 out of 11	4 out of	N/A

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<u>AL AMEEN ISLAMIC PRINCIPAL PRESERVATION FUND III (AIPPF-III)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	2,450	2,251	N/A
Return (%)	14.6%	1.3%	N/A
Benchmark (%)	17.1%	1.9%	N/A
Retail Proportion (% of Net assets)	69.0%	66.0%	N/A
Ranking Against Peers	3 out of 11	5 out of 5	N/A
<u>AL AMEEN ISLAMIC PRINCIPAL PRESERVATION FUND IV (AIPPF-IV)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	1,727	N/A	N/A
Return (since inception)	11.7%	N/A	N/A
Benchmark (%)	19.8%	N/A	N/A
Retail Proportion (% of Net assets)	66.0%	N/A	N/A
Ranking Against Peers	6 out of 11	N/A	N/A
<u>AL AMEEN ISLAMIC PRINCIPAL PRESERVATION FUND V (AIPPF-V)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	943	N/A	N/A
Return (since inception)	(1.70)%	N/A	N/A
Benchmark (%)	7.3%	N/A	N/A
Retail Proportion (% of Net assets)	39.0%	N/A	N/A
Ranking Against Peers	11 out of 11	N/A	N/A
<u>AL AMEEN ISLAMIC FINANCIAL PLANNING FUND (AIFPF – AIActAP-I)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions)	2,355	N/A	N/A
YTD Return (since inception)	0.2%	N/A	N/A
Benchmark (%)	0.1%	N/A	N/A
Retail Proportion (% of Net assets)	63.0%	N/A	N/A
Ranking Against Peers	N/A	N/A	N/A
<u>AL AMEEN ISLAMIC FINANCIAL PLANNING FUND (AIFPF – AIActAP-II)</u>			
	FY15	FY14	FY13
Fund Size (in Rs. millions) (at end Nov-2015)	2,374	N/A	N/A
Return (since inception)	(1.5)%	N/A	N/A
Benchmark (%)	(2.0)%	N/A	N/A
Retail Proportion (% of Net assets)	N/A	N/A	N/A
Ranking Against Peers	N/A	N/A	N/A
<u>AL AMEEN ISLAMIC RETIREMENT SAVINGS FUND (AIRSF)</u>			
	FY15	FY14	FY13
<i>Equity sub-fund</i>			
Fund Size (in Rs. millions)	659	312	120
Return (%)	45.5%	41.1%	55.6%
<i>Debt sub-fund</i>			
Fund Size (in Rs. millions)	252	195	96
Return (%)	5.5%	7.5%	8.1%
<i>Money market sub-fund</i>			

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Fund Size (in Rs. millions)	159	118	71
Return (%)	5.7%	6.6%	7.8%

ISSUE/ISSUER RATING SCALE & DEFINITIONS

Appendix II

MANAGEMENT QUALITY RATINGS

AM1: Highest Management Quality

AM2+, AM2, AM2-: High Management Quality

AM3+, AM3, AM3-: Good Management Quality

AM4+, AM4, AM4-: Adequate Management Quality

AM5+, AM5, AM5-: Weak Management Quality

For companies undertaking Investment Advisory Services only, the Management Quality Rating Scale is appended with the suffix 'IA' to distinguish it from other Management Quality Ratings outstanding by JCR-VIS.

For companies undertaking REIT Management Services only, the Management Quality Rating Scale is appended with the suffix 'RMC' to distinguish it from other Management Quality Ratings outstanding by JCR-VIS.

Rating Watch: JCR-VIS places entities and issues on 'Rating Watch' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). Refer to our 'Criteria for Rating Watch' for details. www.jcrvis.com.pk/images/criteria_watch.pdf

Rating Outlooks: The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details. www.jcrvis.com.pk/images/criteria_outlook.pdf

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REGULATORY DISCLOSURE		Appen		
Name of Rated Entity	UBL Fund Managers Limited			
Sector	Mutual Funds			
Type of Relationship	Solicited			
Purpose of Rating	Management Quality Rating			
Rating History	Rating Date	Medium to Long Term	Outlook	Rating Action
	12/31/2015	AM2+	Stable	Reaffirmed
	12/31/2014	AM2+	Stable	Upgrade
	4/3/2013	AM2	Stable	Reaffirmed
	5/2/2012	AM2	Stable	Reaffirmed
	4/20/2011	AM2	Stable	Reaffirmed
Instrument Structure	N/A			
Statement by the Rating Team	JCR-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.			
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