

RATING REPORT

UBL Fund Managers Limited (UBL FM)

REPORT DATE:

December 30, 2022

RATING ANALYSTS:

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RATING DETAILS

Rating Category	Latest Rating	Previous Rating
	MQR	MQR
MQ Rating	AM1 (Reaffirmed)	AM1 (Reaffirmed)
Rating Date	Dec '30, '22	Dec '31, '21

COMPANY INFORMATION

Incorporated in April 2001	External auditors: A.F. Ferguson & Co. Chartered Accountants
	Chairman of the Board: Mr. Azhar Hamid
Key Shareholder:	Chief Executive Officer: Mr. Yasir Qadri
United Bank Limited	

APPLICABLE METHODOLOGY(IES)

Asset Management Companies (June 2019)

<https://docs.vis.com.pk/docs/AMC-Methodology-201906.pdf>

UBL Fund Managers Limited

OVERVIEW OF THE INSTITUTION

UBL Fund Managers Limited was established as a Public Limited Company in 2001. It is wholly owned subsidiary of United Bank Limited (UBL) and holds Asset Management Services, Investment advisory services and Pension Fund Management Services license.

Profile of Chairman

Mr. Azhar Hamid is an international banker with a career spanning over 41 years with Grindlays Bank, ANZ Bank and Standard Chartered Bank.

Profile of CEO

Mr. Yasir Qadri has been associated with the asset management industry for over 16 years, last serving as CEO of MCB-Arif Habib Savings & investments. He also serves as Chairman of the Mutual Funds Association of Pakistan (MUFAP). He has earned an M.B.A. and a B.B.A. degree from the University of Central Oklahoma, USA.

RATING RATIONALE

UBL Fund Managers Limited (UBL FM) was incorporated in 2001 as a Non-Banking Finance Company and is a wholly-owned subsidiary of United Bank Limited (UBL). The company is principally engaged in providing investment solutions and advisory services to individual and corporate clients.

Rating Rationale

Sustained market position amongst the top five AMC's in the industry

- UBL FM's Asset under Management (Ex-Funds of Fund) increased to Rs. 138b at end-FY22 (FY21: Rs. 102b), exhibiting significant growth of 35% YoY against industry growth of 19% resulting in a higher market share of 11.01% (FY21: 9.7%).
- At end-Oct'22, UBL's AUM reported a decline due to redemptions in UBL cash fund due to quarter end adjustment by corporates to finance their liquidity constraints. Hence, market share reduced to 9.55% at end-Oct'22. However, despite the decline, the company continues to remain in the top five AMC's in the industry as per market share.
- The growth in market share for UBL FM was subdued due to deliberate non-participation of the AMC in high-risk financial sector funds which were key growth drivers for the industry in FY22 and the ongoing year.
- Overall AUM mix since last review depicts shift from Equity & Fixed Income funds towards Money market funds & Fixed Income funds with exposure reported at 87% (FY21: 76%) at end-FY22. Despite redemption in UBL Cash Fund at end-Oct'22, proportion of the same was reported at 87% as UBL Fixed Return Fund was launched in August 2022. As per management, focus going forward will be towards money market and pension funds.
- Net assets of Separately Managed Accounts (SMAs) increased to Rs. 11.8b at end Jun'22 (Jun'21: Rs. 11.4b). Performance of SMA portfolio remained higher than the benchmark returns during FY22. Going forward, management envisages incremental SMA to the tune of Rs. 7-8b in FY23 with workings underway with key clients.

Launching innovative products to cater diverse needs of investors remains key motive of the AMC. Client concentration amongst funds depicts room for improvement

- Product portfolio of UBL FM is comprehensive offering wide array of funds ranging from equity, asset allocation, money market, income, capital preservation, fixed rated funds, fund of funds and voluntary pension scheme to meet various investment objectives depending on client's risk appetite. At end-Oct'22, the product suite comprises 23 funds; out of which 15 are conventional funds and remaining (8) are Shariah compliant; both inclusive of Voluntary Pension Schemes as well.
- The majority of the increase in AUM in FY22 is due to higher exposure in Money Market Funds including Al-Ameen Islamic Cash Fund including Plan-I and UBL Liquidity Plus Fund comprising 19% and 35% of AUMs at end-June'22.
- Concentration in top 3 funds in total AUMS of the Company is considered on the higher side with the same comprising 60% of AUMs at end Oct'22 (FY22: 70%; FY21: 58%). During FY22,

UBL Cash Fund (UCF), UBL Liquidity Plus Fund (ULPF) and Al Ameen Islamic Cash Plan I (AAICP-1) were major contributors towards growth in AUMs.

- As of Oct'22, Money Market funds/Income funds accounted for approximately 87%% of total AUM, with equities and other asset classes accounting for the remainder. Ratings remain dependent on improvement in concentration of asset class distribution once equity market stabilizes.
- In terms of projected product offerings, management envisages to launch Islamic income funds and is currently evaluating various REIT schemes to market as well.
- Total of Top 10 investors originating from all funds cumulatively was reported at 60% of the AUMs at end-Sep'22 which is on the higher side and possesses room for improvement.
- Total client base of the company stood at 93.5k clients at end-Oct'22 being the third highest in the industry. Around 50% of the client base comprise active clients. Quantum of incremental clientele every year is increasing on a timeline basis with 5.3k clients added in FY22 as compared to 2.3k clients added in the preceding year.
- Retail proportion of AUMs remains low depicting a declining trend (FY22: 31.2%; FY21: 36.0%; FY20: 43.0%) with a meager 19% and 7% of retail proportion recorded in their top two funds- UBL Liquidity Plus fund and UBL Cash Fund, respectively at end-June'22. Comfort is drawn from increase in retail proportion to 36.14% at end-Oct'22.
- Going forward, management has chalked out a digital marketing and digital on-boarding plan which is aimed at leveraging retail clientele. However, retail proportion is expected to be maintained at similar levels during the next year with corporate clients continuing to drive AUM growth amidst non-expansionary environment.

Digitization is the key sales strategy going forward

- UBL FM operates via 24 branches and 19 distributors spread across Pakistan. Sales and distribution activities are carried out through third party distributors, AMC's own branches, UBL's branches where UBL FM personnel are stationed and UBL's branches. Around 97% of the total investments in FY22 were contributed by the in-house sales team of UBL FM. During the year, UBL FM closed two branch offices located in Rawalpindi and Hyderabad.
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- UBL FM has enhanced focus on digitalization and automation in business conduct. In the previous year, the Company integrated with UBL Digital App to route customers toward investment in UBL FM, relaunched/revamped its UBL App and online portal to enhance the features and its functioning and launched WhatsApp based service to facilitate client with easy access to their investment details.
- In FY22, around 3,000 accounts (out of a total of 5,265 accounts) were opened through the digital platform. Management foresees the quantum of the same to increase by 3 times in the next year.
- Sales force has been declining on a timeline basis as a deliberate strategy to eliminate sales force not generating profitable business for the AMC. Going forward, management has planned to add 30-35 people on the sales team.
- The focus on digitization is projected to be continued over the rating horizon. Initiatives other than UBL App to increase outreach include; partnership with various apps (including Careem, peek-a-boo, Zameen.com and etc) to advertise UBL FM's products, digital onboarding through Emlaak-CDC platform and integration with CDC for RDA accounts. The Company has allocated significant budget for digital marketing and digital onboarding campaign. In addition, management has also increased its MIS resources to support digitization plans of the Company.

Lower proportion of AUMs reported in the top quartile during the review period due to high competitive intensity in the money market schemes that contribute more than 70% of the AUMs. Ratings factor in well-defined decision making process.

- The investment decision making is well-structured incorporating top-down and bottom-up view with in depth fundamental analysis. There are separate heads managing equity and fixed income funds. The company has a segregated research division that functions independently to facilitate the investment management and decision making. Investment Committee (IC) comprises CEO, CIO, Head of Research, Head of Investment Strategy, Head of Fixed Income and SMA (in their respective Fixed Income and SMA ICs); and respective fund managers and Head of Risk and Compliance, all as voting members.
- In terms of AUM proportion at end-FY22, ULPF was the largest fund (35%), followed by AA Islamic Cash Fund; including Plan I (19%), UCF (15%), Al Ameen Shariah Stock Fund (5%), and UBL Stock Advantage fund (4%).

Fund Performance	June'21	June'22	Oct'22
Sum of AUMs of the Funds in the first Quartile	51,240	15,202	22,064
% mix of above in total AMC AUMs	56%	12%	18%
Sum of AUMs of the Funds in the second Quartile	3,322	22,395	1,209
% mix of above in total AMC AUMs	4%	17%	1%
Sum of AUMs of the Funds in the third Quartile	31,73	80,699	73,609
% mix of above in total AMC AUMs	35%	62%	60%
Sum of AUMs of the Funds in the fourth Quartile	4,656	6,450	22,930
% mix of above in total AMC AUMs	5%	5%	19%

- Around 12% of the AUMs posted returns in the first quartile during FY22. Equity funds of the Company performed relatively well with returns of the same reported in the first quartile during the review period, despite depressed overall equity market performance. Improving fund performance across all categories over the rating horizon will be important from the ratings perspective.
- In FY22, 14 out of 23 funds including all Money Market Funds and a fraction of Income Funds have outperformed their respective benchmarks. Barring UBL Special Savings Fund (Plan VIII) in the Capital Protected Income Fund along with UBL Financial Sector Fund, none of the AMC's funds took lead against its peer group.
- UBL Financial Sector Fund, UBL Special Saving Fund (Plan IX) and Al Ameen Islamic Energy Fund scored second amongst their respective peers. Similarly, UBL Growth & Income Fund ranked third in the Aggressive Fixed Income Fund Category amongst peers. Performance of Money Market Funds (AAICF, UMMF and ULPF) that contribute more than 70% of the company's AUMs was reported relatively lower against peers in FY22; however comfort is drawn from the return differential being small. UBL's equity portfolios remained vested in fundamentally strong blue-chip scrips. Going forward, equity funds will continue to be parked amongst dividend yielding heavyweights sectors including Banks, FMCGs, Power, Oil and Gas, Pharmaceuticals and Fertilizers.

Adequate level of Corporate Governance, IT & Audit function and efficient Investment Management procedures

- Investment Committee (IC) comprises of six members, including the Chairman who is also the CEO of the AMC.

- The IC directs decisions regarding Asset/Sector Allocation under Equity and Fixed Income Funds, whereas the Sub-Investment Committee (Sub IC) and Head of Fixed Income (FI) & Fund Managers carry out decision making regarding security selection of Equity Funds and Fixed Income Funds, respectively. Liquidity management is also under the supervision of Head of FI and Fund Managers.
- Strategic decision-making is carried out by Investment Committee(s), which may overlap personnel serving in ICs for different service segments of UBL Funds. Executive decision making in light of the strategic decisions taken by the IC is the responsibility of the personnel/Sub ICs and is performed by the same in respective segments, independently.
- On the IT front, Database is based on Linux and front-end on Windows and Softwares used by the AMC include Oracle, EBS, Microsoft dynamics (CRM) and multiple in-house applications. Back-up and recovery plans are supported by BCP site hosted in another city with comprehensive Disaster Recovery plan.
- UBLFM has employed an independent internal audit department, where Internal Audit reports are made quarterly and discussed with the Board Audit Committee. The department has unrestricted access to all departments' data as per the Internal Audit Charter. Audits of various processes are conducted throughout the year based on risk assessment needs, regulatory requirements and Company internal policies.
- On the research side, UBL Fund Managers' research team consists of four research analysts including two CFA Charterholders. The team has experience of working in different buy and sell side institutions prior to joining UBL Funds. The Research Department & Risk Department is responsible for updating the IC/ Sub IC on any developments in the economy, sector, company & instruments. Research Analysts use top-down and bottom-up approaches in identifying any changes in the macro-environment, which may lead to potential revision in operations of the AMC such as investment strategies, pricing of instruments and yield targets.

Financial Profile of the Company was maintained

- Aggregate recurring income including Management fee, sales load and dividend income during CY21 increased to Rs. 962.9m (CY21: Rs. 843.2m) on the back of growth in AUMs and higher fees charged by multiple funds in the same period. This, combined with lower selling and administrative expenses, resulted in an elevated bottom-line.
- During 9M2022, recurring income was reported at Rs. 806.0m supported by gain on sale of investments. Despite higher finance costs due to elevated benchmark rates implied on short-term borrowings to the tune of Rs. 1.9b, with support of gain on sale of investments, bottom-line of the company stood at Rs. 302.3m during 9M2022.
- Total assets of UBL funds stood at Rs. 4.5b at Sep'22. Investment continues to form the largest proportion of the total assets and represented around four-fifth of the total assets. Equity base of the Company declined to Rs. 2.1b (CY21: Rs. 2.2b; CY20: Rs. 0.7b) at end Sep'22 on account of higher dividend payout.
- Over the rating horizon, Company plans to spend on digitalization and other digital marketing initiatives mainly aimed at enhancing customer base.

(PkR Mn.)	CY20	CY21	9MCY22
Profit & Loss			
Total Income	935	1,035	921
(Loss) / Profit Before Tax	444	531	431
(Loss) / Profit After Tax	341	370	302

Efficiency (%)	53%	49%	53%
Balance Sheet			
	<u>Dec'20</u>	<u>Dec'21</u>	<u>Sep'22</u>
Fixed Assets	155	141	174
Investments	2,249	3,725	3,668
Total Assets	2,914	4,444	4,446
Lease Liabilities*	63	63	87
Running Finance	399	1,885	1,897
Paid Up Capital	332	332	332
Total Equity	2,137	2,166	2,098
Gearing (x)	0.22	0.90	0.95
Leverage (x)	0.36	1.05	1.12

**Includes current portion*

UBL Liquidity Plus Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	30,494	48583	43,592
Return (%)	6.97%	10.48%	15.56%
Benchmark (%)	6.71%	9.28%	14.65%
Retail Proportion (% of fund size)	19%	19%	
Ranking Against Peers	6 out of 21	14 out of 21	16 out of 24
UBL Money Market Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	3,142	3482	5,275
Return (%)	6.32%	9.39%	13.82%
Benchmark (%)	6.71%	9.28%	14.65%
Retail Proportion (% of fund size)	77%	95%	
Ranking Against Peers	20 out of 21	21 out of 21	24 out of 24
UBL Cash Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	5,762	21083	7,661
Return (%)	7.13%	10.48%	15.94%
Benchmark (%)	6.71%	9.28%	14.65%
Retail Proportion (% of fund size)	10%	7%	
Ranking Against Peers	1 out of 21	14 out of 21	4 out of 24
UBL Government Securities Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	2,035	1115	1,259
Return (%)	5.50%	9.10%	14.63%
Benchmark (%)	7.28%	10.67%	15.66%
Retail Proportion (% of fund size)	79%	83%	
Ranking Against Peers	22 out of 31	18 out of 30	25 out of 34
UBL Income Opportunity Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	2,204	2111	2,038
Return (%)	6.37%	9.20%	14.02%
Benchmark (%)	7.31%	10.69%	15.74%
Retail Proportion (% of fund size)	76%	84%	
Ranking Against Peers	17 out of 31	19 out of 30	27 out of 34
UBL Growth and Income Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	1,795	1434	1,931
Return (%)	10.85%	9.67%	19.65%
Benchmark (%)	7.52%	11.01%	15.85%
Retail Proportion (% of fund size)	42%	64%	
Ranking Against Peers	1 out of 7	3 out of 6	1 out of 6
UBL Asset Allocation Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	872	560	469
Return (%)	16.46%	0.15%	1.85%
Benchmark (%)	19.48%	1.88%	3.21%
Retail Proportion (% of fund size)	58%	73%	
Ranking Against Peers	9 out of 14	3 out of 12	9 out of 13

<u>UBL Stock Advantage Fund</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	8,107	5572	5171
Return (%)	31.73%	-11.50%	-2.22%
Benchmark (%)	37.58%	-12.28%	-0.66%
Retail Proportion (% of fund size)	24%	19%	
Ranking Against Peers	19 out of 27	4 out of 26	15 out of 26
<u>UBL Financial Sector Fund</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	875	1027	891
Return (%)	20.69%	-4.08%	0.63%
Benchmark (%)	37.58%	-12.28%	-0.66%
Retail Proportion (% of fund size)	16%	15%	
Ranking Against Peers	25 out of 27	1 out of 26	10 out of 26
<u>UBL Dedicated Equity Fund</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	31	30	97
Return (%)	37.38%	-9.13%	1.12%
Benchmark (%)	37.58%	-12.28%	-0.66%
<u>UBL Pakistan Enterprise ETF</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	45	27	27
Return (%)	24.63%	-18.95%	2.05%
Benchmark (%)	27.69%	-18.31%	2.84%
<u>UBL Special Savings Plan II</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	591	247	200
Return (%)	5%	8.26%	14.76%
Benchmark (%)	7.28%	10.67%	15.66%
Ranking Against Peers	3 out of 7	4 out of 7	3 out of 7
<u>UBL Special Savings Plan III</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	54	31	27
Return (%)	3.71%	8.64%	13.78%
Benchmark (%)	7.28%	10.67%	15.66%
Ranking Against Peers	7 out of 7	4 out of 7	6 out of 7
<u>UBL Special Savings Plan IV</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	170	40	31
Return (%)	4.73%	7.93%	13.99%
Benchmark (%)	7.28%	10.67%	15.66%
Ranking Against Peers	4 out of 7	4 out of 7	5 out of 7
<u>UBL Special Savings Plan V</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	29	29	4215
Return (%)	7.26%	64.90%	15.56%
Benchmark (%)	7.28%	10.67%	15.66%
Ranking Against Peers	1 out of 7	7 out of 7	1 out of 7
<u>UBL Special Savings Plan VI</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	111	48	45
Return (%)	5.82%	8.95%	14.81%
Benchmark (%)	7.28%	10.67%	15.66%
Ranking Against Peers	2 out of 7	3 out of 7	2 out of 7
<u>UBL Special Savings Fund II (PlanVIII)</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	137	128	118
Return (%)	3.99%	6.65%	14.27%

Benchmark (%)	7.28%	10.67%	15.66%
Ranking Against Peers	6 out of 7	1 out of 7	4 out of 7
UBL Special Savings Fund II (Plan IX)	FY21	FY22	Oct'22
Fund Size (in Rs. millions)		1796	1825
Return (%)		10.10%	12.75%
Benchmark (%)		15%	15.66%
Ranking Against Peers		2 out of 7	7 out of 7
Al Ameen Islamic Financial Planning Fund III(IV)	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	101	44	NA
Return (%)	7.43%	8.62%	
Benchmark (%)	9.20%	9.76%	
Al Ameen Islamic Special Savings Fund(PlanII)	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	157	102	63
Return (%)	5.25%	6.29%	14.65%
Benchmark (%)	7.53%	9.19%	14.89%
Al-Ameen Islamic Cash Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	5,870	7807	11177
Return (%)	6.40%	9.52%	13.90%
Benchmark (%)	3.41%	3.67%	5.61%
Retail Proportion (% of fund size)	67%	71%	
Ranking Against Peers	6 out of 9	10 out of 14	19 out of 21
Al-Ameen Islamic Cash Plan I	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	13,008	18,919	14,911
Return (%)	6.59%	9.83%	14.93%
Benchmark (%)	3.41%	3.67%	5.61%
Retail Proportion (% of fund size)	0%	8%	
Ranking Against Peers	3 out of 9	6 out of 14	13 out of 21
Al-Ameen Islamic Sovereign Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	2,787	2939	2223
Return (%)	5.87%	8.10%	12.20%
Benchmark (%)	6.96%	9.19%	14.89%
Retail Proportion (% of fund size)	86%	66%	
Ranking Against Peers	14 out of 21	20 out of 21	23 out of 28
Al-Ameen Islamic Aggressive Income Plan I	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	2,578	2043	1994
Return (%)	8.21%	7.79%	9.77%
Benchmark (%)	4.91%	6.32%	9.60%
Retail Proportion (% of fund size)	2%	1%	
Al-Ameen Islamic Asset Allocation Fund	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	2,561	1,675	1,346
Return (%)	17.07%	-0.08%	2.16%
Benchmark (%)	17.58%	5.35%	1.74%
Retail Proportion (% of fund size)	74%	77%	
Ranking Against Peers	6 out of 11	5 out of 12	8 out of 12
Al-Ameen Islamic Energy Fund	FY21	FY22	Oct'22

Fund Size (in Rs. millions)	448	542	341
Return (%)	16.92%	-6.20%	-4.66%
Benchmark (%)	39.32%	-10.25%	0.79%
Retail Proportion (% of fund size)	56%	37%	
Ranking Against Peers	17 out of 18	2 out of 19	19 out of 20
<u>Al-Ameen Shariah Stock Fund</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	9,595	7,313	6,830
Return (%)	33.96%	-12.28%	-0.50%
Benchmark (%)	39.32%	-10.25%	0.79%
Retail Proportion (% of fund size)	33%	27%	
Ranking Against Peers	10 out of 18	5 out of 19	13 out of 20
<u>UBL Fixed Return Plan-I-A Aug 2022</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)			6,514
Return (%)			15.72%
Benchmark (%)			15.69%
Ranking Against Peers			1 out of 6
<u>UBL Fixed Return Plan-I-B Sept 2022</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)			2,676
Return (%)			15.32%
Benchmark (%)			15.68%
Ranking Against Peers			2 out of 6
<u>Al-Ameen Islamic Aggressive Income Fund</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	375	848	965
Return (%)	4.78%	8.55%	13.33%
Benchmark (%)	4.91%	6.32%	9.60%
<u>Al-Ameen Islamic Dedicated Equity Fund</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	32	19	6
Return (%)	39.29%	171.95%	-11.67%
Benchmark (%)	39.32%	-10.25%	0.79%
<u>Al-Ameen Islamic Financial Planning Fund-III</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	41	16	NA
Return (%)	28.42%	138.01%	
Benchmark (%)	30.62%	-2.43%	
<u>Al-Ameen Islamic Financial Planning Fund-III (IV)</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	101	44	NA
Return (%)	7.43%	8.62%	
Benchmark (%)	9.20%	9.76%	
<u>Al-Ameen Islamic Special Savings Fund</u>	FY21	FY22	Oct'22
Fund Size (in Rs. millions)	157	102	63
Return (%)	5.25%	6.29%	14.65%
Benchmark (%)	7.53%	9.19%	14.89%

Financial Summary- Appendix I			
<i>(amounts in PKR millions)</i>			
	2020	2021	9M'22
<u>BALANCE SHEET</u>			
Paid Up Capital	332	332	332
Total Equity	2,137	2,166	2,098
<u>INCOME STATEMENT</u>			
Total Revenues	935	1,035	921
Profit Before Tax	443.9	530.5	430.5
Profit After Tax	340.8	370.4	302.3
<u>RATIO ANALYSIS</u>			
Current Ratio (x)	3.6	1.9	1.8
Gearing (x)	0.22	0.90	0.95

REGULATORY DISCLOSURE		Appendix II			
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	Rating	Outlook	Rating Action	
	12/30/2022	AM1	Stable	Reaffirmed	
	12/31/2021	AM1	Stable	Reaffirmed	
	12/31/2020	AM1	Stable	Reaffirmed	
	12/31/2019	AM1	Stable	Reaffirmed	
	12/27/2018	AM1	Stable	Reaffirmed	
	12/29/2017	AM1	Stable	Upgrade	
	12/30/2016	AM2++	Stable	Reaffirmed	
	5/4/2016	AM2++	Stable	Harmonized	
	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	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the rating(s) mentioned herein. This rating is an opinion on management quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	N/A				
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.				
Due Diligence Meetings Conducted	Name	Designation	Date		
	Mr. Umair Ahmed	CFO & COO	17 th November, 2022 & 23 rd November, 2022		
	Mr. Zeeshan Quddus	Chief Business Development Officer			
	Mr. Tanweer Ahmad Haral	Head of Marketing, Customer Services & Business Innovation			
	Mr. Syed Suleman Akhtar	Chief Investment Officer			
	Mr. Imran	Income Fund Manager			

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: MUTUAL FUNDS

These ratings/rankings are not a recommendation to buy, sell, or hold any investment, in as much as they do not comment as to the yield or suitability for a particular investor. Eventually the risk/reward trade-off should be solely determined by investors.

MANAGEMENT QUALITY RATINGS

AM1:

Asset manager exhibit Excellent management characteristics

AM2++, AM2+, AM2:

Asset manager exhibit Very Good management characteristics

AM3++, AM3+, AM3:

Asset manager exhibit Good management characteristics

AM4++, AM4+, AM4:

Asset manager exhibit Adequate management characteristics

AM5:

Asset manager exhibit Weak management characteristics

For harmony in notations, single plus (+) or double plus (++) have replaced notation of plus (+) or minus (-) to indicate the relative degree of strength within each category.

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 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 VIS.

Rating Watch: 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.vis.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.vis.com.pk/images/criteria_outlook.pdf

FUND PERFORMANCE RANKINGS

MFR 5-Star (top 10%) Very good performance

MFR 4-Star (next 22.5%) Good performance

MFR 3-Star (next 35%) Average performance

MFR 2-Star (next 22.5%) Below average performance

MFR 1-Star (last 10%) Weak performance

Being based on actual performance, no Outlook or Rating Watch can be assigned to fund performance rankings.

FUND STABILITY RATINGS

AAA(f)

Highest degree of stability in Net Asset Value; Risk is negligible with very low sensitivity to changing economic conditions.

AA+(f), AA(f), AA-(f)

High degree of stability in Net Asset Value; Risk is modest but may vary slightly from time to time because of changing economic conditions.

A+(f), A(f), A-(f)

Moderate degree of stability in Net Asset Value; Risk factors may vary with possible changes in the economy.

BBB+(f), BBB(f), BBB-(f)

Adequate degree of stability in Net Asset Value; Risk factors are considered variable if changes occur in the economy.

BB+(f), BB(f), BB-(f)

Low degree of stability in Net Asset Value; Risk factors are sensitive to changes in the economy.

B(f)

Very low degree of stability in Net Asset Value; Risk factors are capable of fluctuating widely if changes occur in the economy.

The fund stability rating scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings.

While no outlook is assigned to the fund stability rating, the same may be placed under 'Rating Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate reevaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating Watch' may result in a rating change, while the rating continues to be placed under 'Rating Watch'.