Date: August 20, 2014

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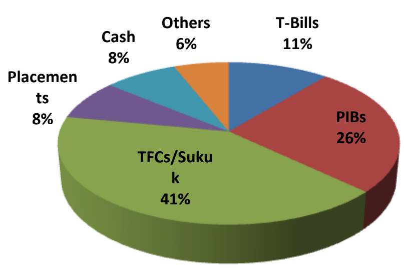
Investment Objective

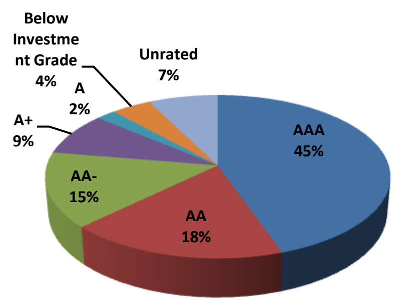
To invest in medium to long-term fixed income instruments as well as short-tenor money market instruments and generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

United Growth & Income Fund		
Rating Category	**Latest**	**Previous**
Fund Stability Rating	**BBB+(f)**	**BBB+(f)**
	Aug 4, '14	*Apr 25, '13*
Management Company	UBL Fund Managers Limited	
External Auditors (Fund)	M/s KPMG - Taseer Hadi & Co.	
Fund Manager	Mr. Usama Bin Razi	
Trustee	Central Depository Company Ltd.	
Front-end Load	1.5% (Income Units)	
Back-end Load	Stepped Down (Growth Units)	
Management Fee	1.5% per annum	
Benchmark	6-month Rolling Average of 6 months KIBOR	

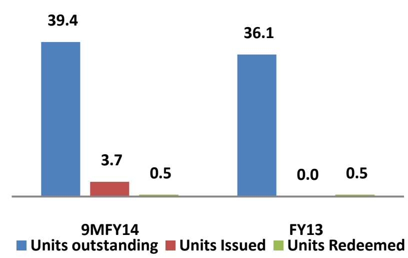
Asset Class Distribution: June 2014



Credit Analysis: June 2014



Investor Activity –units in million



United Growth & Income Fund (UGIF) was launched in March 2006. The fund is being managed by UBL Fund Managers Limited (UBL FM) that enjoys Management Quality rating of 'AM-2' signifying 'High' management quality.

Investment guidelines of the fund are based on a long-term investment horizon i.e. a minimum of 2-3 years. As an aggressive income fund, the fund may assume high risk exposures to benefit from potential upside. Accordingly, there are as such no limitations in place for assuming credit risk in addition to which the fund manager also has flexibility in assuming interest rate risk. As per the envisaged asset allocation, the fund may allocate up to 50% of net assets in corporate bonds and 20% each in commercial papers/MTS/spread transactions. Assets may also be deployed in government securities and bank deposits. The exposure limits in place, as per the Investment Policy Statement (IPS) are as follows:

Table 1: Permitted Asset Allocation

	Exposure Limits
Cash & Cash Equivalents	**10-100%**
Deposits / Lending to Banks	**0-90%**
T-Bills	**10-100%**
PIBs	**0-50% (Maturity<5 years)**
	0-25% (Maturity>5years)
Government guaranteed securities	**0-25%**
Corporate Bonds	**0-50%**
Commercial Papers	**0-20%**
MTS & Spread Transactions	**0-20%**

Actual asset allocation of the fund at end June 2014 was mainly dominated by TFCs/Sukuk, followed by government paper. Exposure in the former avenue has varied mostly in the range of 29% to 47% over the last year. Average asset allocation is presented in Table 2.

Table 2: Actual Asset Allocation

	End-June 2014	Average FY14
TFCs/Sukuk	41%	36%
T-Bills	11%	30%
PIBs	26%	11%
GoP Ijarah Sukuk	0%	2%
Placement with Banks	7%	7%
Placement with NBFCs	1%	1%
Cash	8%	7%
Others	6%	6%

At end June 2014, about 4% of assets comprised below investment grade securities while another 7.0% exposures were unrated (including receivables). Among these were exposures that were not in compliance with the fund's investment mandate; these included preference shares of Azgard Nine that have been fully provided; holdings also include ordinary shares of Agritech and some real estate property acquired in settlement of claims. Shares of Agritech cannot be sold as they have a lock in period of 5 years. Investment in shares and real estate collectively comprised 1.7% of net assets at end June 2014. Other regulatory violations primarily pertained to excess per instrument exposure vis-à-vis regulatory guidelines.

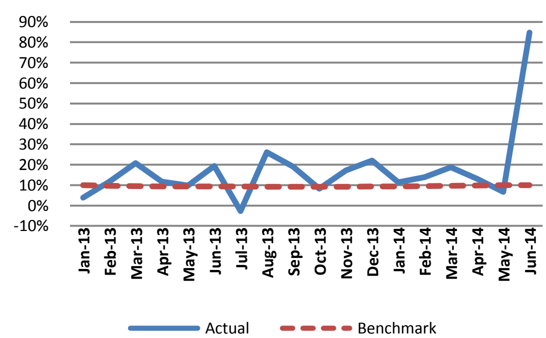
Investment in corporate TFCs/Sukuk comprised 41%[1] of assets at end-June 2014. Most of the non-performing exposures have been provided; no material adverse impact is expected from the same in future. Current exposures are mostly against sound counterparties. The fund manager continues to pursue an aggressive strategy with individual counterparty exposures being sizeable in the range of 6-10% of assets.

Overall investment in sovereign securities represents a sizeable proportion of assets, comprising 43% on an average. Credit risk arising from the same is considered minimal in the domestic context. At end June 2014, exposure to government paper represented 37% of assets.

As per the fund's investment guidelines, weighted average maturity (WAM) of the fund is capped at 5 years (excluding sovereign securities) while duration of the fund is capped at 2.5 years. In addition, maturity of any single asset in the portfolio may not exceed 10 years. UGIF's WAM at end-June 2014 was recorded at 3.4 years while duration of the fund at end April 2014 was reported at 0.96.

UGIF's monthly performance is benchmarked against 6 month rolling average of 6 month KIBOR. Actual fund performance has showcased a high degree of volatility in the ongoing fiscal year, with the fund posting negative returns in July 2013 while recording exceptionally high returns in the month of June 2014. For full year 2014, the fund posted return of 18.35%. The high returns may be attributed to reversals. In line with the fund's risk profile, some degree of volatility may continue to be expected in the fund's return. There are sizeable provisions created over the recent years against non-performing exposures; any recoveries against the same will positively impact returns.

Figure 1: Fund Performance (Actual vs Benchmark)



Investor activity in the fund continues to remain dull as issuance of fresh units continues to be suspended. Top-10 investors continue to hold a substantial proportion of the fund; given that major part of this pertains to United Bank Limited (UBL), liquidity constraints, on account of redemptions are unlikely to arise, as in the past JCR-VIS

[1] Net of provisions

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
		RATING TYPE: Fund Stability		
04-Aug-14	BBB+(f)			Reaffirmed
25-Apr-13	BBB+(f)			Upgrade
10-Apr-12	BBB-(f)			Reaffirmed
20-May-11	BBB-(f)			Downgrade
22-Oct-10	BBB+(f)			Downgrade
04-Nov-09	A(f)			Reaffirmed