

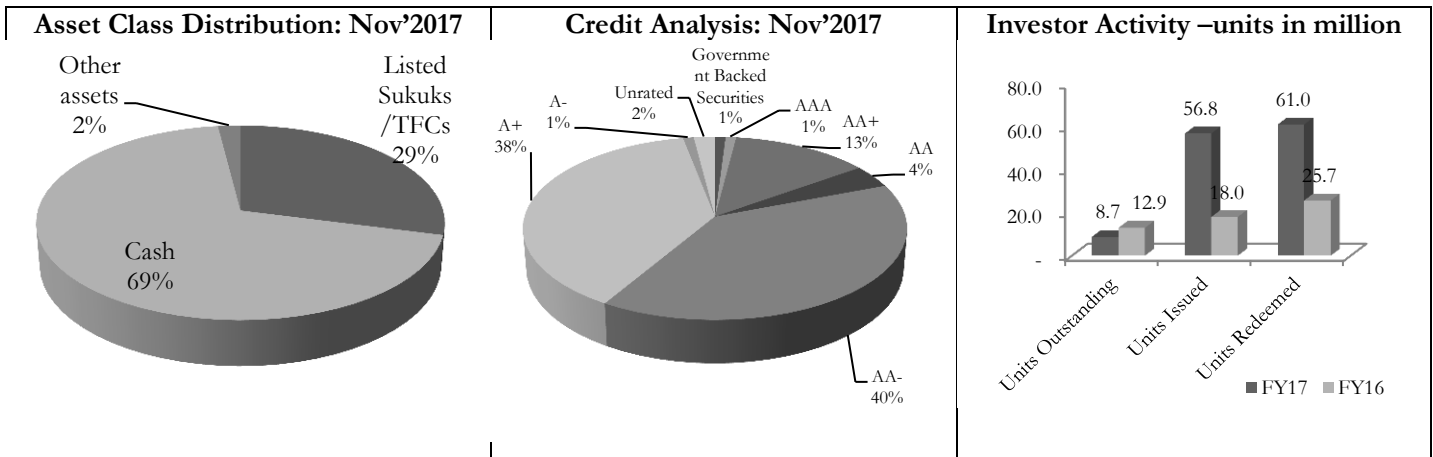
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Investment Objective

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.

UBL Growth & Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A(f)	A(f)
	Dec 29, '17	Mar 10, '17
Management Company	UBL Fund Managers Limited	
External Auditors (Fund)	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co.	
Fund Manager	Mr. Usama Bin Razi	
Trustee	Central Depository Company Ltd.	
Front-end Load	1.5% (Income Units)	
Back-end Load	Stepped-down Structure	
Management Fee	1.5% per annum	
Benchmark	Average of 1 year KIBOR rates	



Launched in March 2006, UBL Growth & Income fund (UGIF) is an open ended fund, operating in the aggressive income category. The fund envisages providing investors risk-adjusted return through investing primarily in long to medium term fixed income securities.

Table 1: Investment Policy (extracts)

Asset Class	Description	Limits	Min. Rating
Cash & Equivalents	Incl. T-bills < 90 days remaining maturity	10-100%	A-
Non traded securities	Deposit/Lending to Banks	0-90%	A-
Government Securities	National Saving Schemes	0%	N/A
	T-Bills, PIBs (remaining maturity of 10 yrs or less) & GOP Ijarah	0-75%	
	Government guaranteed securities	0-25%	
Corporate Bonds		0-50%	A-
Commercial Papers		0-50%	A-
MTS & Spread Transactions		0-25%	N/A

In 2017, there have been certain amendments in the Investment Policy Statement (IPS) of UGIF. These changes have become effective in July 2017. As per investment policy, approved investment avenues include government securities, corporate bonds, commercial paper, spread transactions and cash & cash equivalents. Minimum limits for cash and near cash instruments are in line with regulatory requirements. Moreover, investment in corporate bonds and spread transactions is subject to a ceiling.

Non-Compliant exposures included preference shares of Azgard Nine (full provided against), Agritech ordinary shares and property – fully provided (received in settlement). However, exposures against said holdings had been limited to less than 3% of net assets during FY17 and 5MFY18.

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At end-June 2017, asset allocation of the fund primarily included cash while its proportion stood at around 42% (on month-end average basis) over the course of FY17. TFC/Sukuk holdings representing 14% of the fund’s assets at end-June’2017 includes exposure to sound counterparties with majority of instruments rated AA and above. Asset allocation at end-November 2017 was such that cash comprised the highest share in the asset mix and stood at 69%, followed by TFC/Sukuk at 29% (based on total assets).

Table 2: Actual Asset Allocation

	end-June 2017	Average FY17
Cash	46%	42%
Placements	4%	2%
Commercial Paper	3%	1%
TFCs/Sukuk	14%	16%
PIBs	0%	14%
T-Bills	0%	13%
GOP Ijarah	4%	0%
Spread	8%	5%
MTS	6%	1%
Others	15%	6%

Credit risk profile remained within manageable limits during review period. Duration of the fund is capped at 1 year. During FY17, maximum duration of the fund was reported at 2.24 years at end-July 2016 while duration stood at 0.33 years at end-June 2017. As per IPS, Weighted Average Duration of the fund shall not exceed 1 year. Maximum Weighted Average Maturity (WAM) was 4.73 years in Jul-16. WAM declined to 1.14 years in Jun-17.

Fund’s performance is benchmarked against average of one year KIBOR. Over FY17, the fund managed to outperform its respective benchmark. However, the fund underperformed the benchmark during 5MFY18.

Unit holder concentration remains on the higher side, with top 10 clients accounting for three fourth of net assets. Liquidity profile is supported by sizeable holding of cash and bank balances JCR-VIS

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
29-Dec-17	A(f)			Reaffirmed
10-Mar-17	A(f)			Upgrade
30-Dec -17	BBB+(f)			Reaffirmed
06-Jan-16	BBB+(f)			Reaffirmed
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