

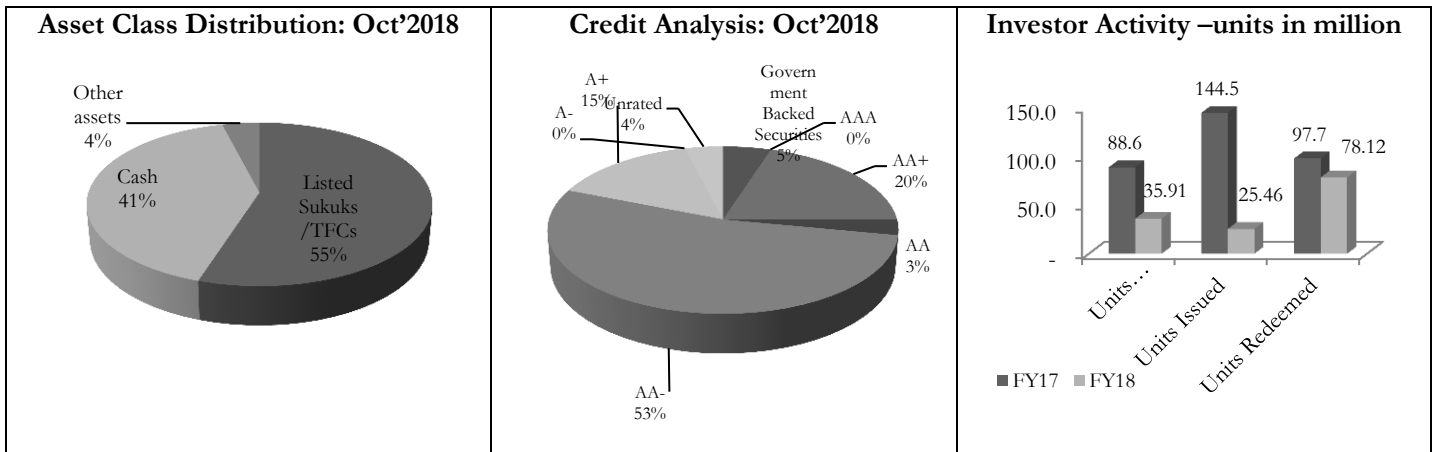
Date: January 21, 2019

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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) Dec 31, '18	A(f) Dec 29, '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	Nil	
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 fixed income category. The fund envisages providing investors risk-adjusted return through investing primarily in long to medium term fixed income securities.

In 2018, there have been certain amendments in the Investment Policy Statement (IPS) of UGIF. There have been additions in asset classes. No changes have been witnessed in cash allocation limits throughout the year. As per the IPS, the fund will invest in instruments with a minimum rating of ‘A-’.

Net assets of the fund decreased to Rs. 1.3b (FY17: Rs. 5.7b) at end-FY18 and further to Rs. 746m by end-October 2018.

Asset allocation of the fund primarily included cash while its proportion stood at around 60% (on month-end average basis) at the end of FY18. TFC/Sukuk holdings represent 38% (FY17: 14.57%) of the fund’s assets at end-June’2018. Asset allocation at end-October 2018 was such that TFC/Sukuk comprised the highest share in the asset mix and stood at 55%, followed by cash at 41% (based on total assets).

Table 1: Investment Policy (extracts)

Asset Class	Limits	Min. Rating
Non traded securities	0-90%	A-
Government Securities	0%-100%	
Debt Securities (TFCs, Sukuks)	0%-90%	A-
Term Deposit Receipts	0%-90%	A-
Corporate Bonds	0-50%	A-

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Commercial Papers	0-90%	A-
MTS & Spread Transactions	0-40%	
Any other securities or Instruments	0%-30%	A-

Table 2: Actual Asset Allocation

	end-June 2018	Average FY18
Cash	60%	53.6%
Placements	0%	9.2%
Commercial Paper	0%	3%
TFCs/Sukuk	38%	31.4%
PIBs	0%	1.3%
T-Bills	0%	4%
GOP Ijarah	0%	2.4%
Spread	0%	3%
MTS	0%	2.9%
Others	2%	8.6%

Credit risk profile remained within manageable limits during review period. Duration of the fund is capped at 1 year. As per IPS, Weighted Average Maturity of the fund shall not exceed 5 years. Maximum Weighted Average Maturity (WAM) was 2.77 years in Feb-18. WAM declined to 1.9 years in Jun-18. The average duration of the fund has been 0.12 (FY17:0.82) years during FY18.

Fund's performance is benchmarked against average of one year KIBOR. Over FY18, the fund underperformed its respective benchmark by posting a return of 5.21% (FY17: 6.77%) vis-à-vis benchmark return of 6.44% (FY17: 6.16%). Consequently, the fund built pace in returns but still underperformed its benchmark during 4MFY19.

Comment on unit holder concentration with top 20 investors holding 77% 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>				
31-Dec-18	A(f)			Reaffirmed
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