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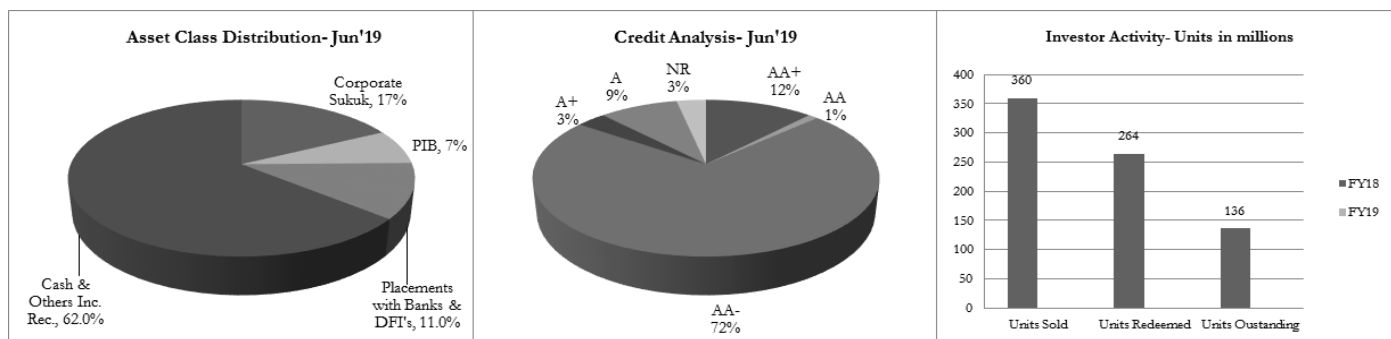
**Analysts:**

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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	<b>A(f)</b>	<b>A(f)</b>
	<i>Dec 31, '19</i>	<i>Dec 31, '18</i>
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	8% of Gross Earnings (With Min 0.25% & Max 1.5%)	
Benchmark	Average of 1-year KIBOR rates	



United Growth & Income Fund (UGIF) was launched in 2006, as a fixed income fund with an aggressive asset allocation mandate. The fund offers investment opportunities in medium to long term fixed income instruments with risk adjusted returns while preserving the capital over the long-term. During FY19, fund size depicted growth to Rs. 1.7b (FY18: Rs. 1.3b). Likewise, fund registered growth to Rs. 1.8b at end-Oct'19.

The Offering Document (OD) of the fund restricts exposure in A- rated or above securities and Government securities.

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

**Credit Risk**

At end-FY19, the fund allocated its assets primarily in saving accounts and corporate sukuk. Exposure in cash remained the highest, accounted for 62% of total assets. Likewise, allocation in cash was increased to 89% at end-Oct'19.

**Table 2: Actual Asset Allocation**

Asset Class Distribution	Jun'18	Jun'19
Corporate Sukuk	38%	17%
PIB	0%	7%
Placements with Banks & DFI's	0%	11.0%
Cash & Others Inc. Rec.	60.0%	62.0%

The investment policy statement (IPS) of UGIF restricts the fund to limit exposure primarily in sovereign instruments and A-rated or above. The fund has complied with its IPS and hence no breach was witnessed during FY19.

As per VIS criteria, exposure in A- rated assets is capped at 15%. The fund was compliant with benchmark during period under review.

**Table 3: Credit Quality**

Credit Analysis	Jun'19
AA+	11%
AA	1%
AA-	66%
A+	3%
A	8%
NR	3%

### Market Risk

In line with investment mandate, weighted average maturity (WAM) of the fund remained at less than five years. Maximum WAM of 2.78 years were reported at end-FY19. Hence the fund complied with IPS. However, the fund was non-compliant with rating benchmark of 1 year for WAM.

Modified duration of the fund is capped at 1 year as per rating benchmark. However, the fund breached this limit at several instances during FY19.

**Table 4: Modified Duration**

Month	Modified Duration (Years)
Jul'18	1.88
Aug'18	1.86
Sep'18	1.84
Oct'18	2.78
Nov'18	0.09
Dec'18	3.23
Jan'19	1.41
Feb'19	1.28
Mar'19	0.94
Apr'19	0.67
May'19	0.89
Jun'19	0.96

Fund's performance is benchmarked against average of one-year KIBOR. Over FY19, the fund underperformed its respective benchmark by posting a return of 7.95% (FY18: 5.21%) vis-à-vis benchmark return of 10.48% (FY18: 6.44%). Relative ranking of the fund was 2 out of 7 in FY19. In July-Nov 2019, the fund continues to underperform benchmark with return of 9.39% compared to benchmark of 13.66%.

Unit holder concentration remains sizeable however liquidity profile is supported by sizeable holding of cash and bank balances.

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability</u></b>				
31-Dec-19	A(f)			Reaffirmed
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

<b>FINANCIAL SUMMARY</b>		<i>(amounts in PKR millions)</i>	
<b><u>BALANCE SHEET</u></b>		<b>FY18</b>	<b>FY19</b>
<b>Paid Up Capital</b>		NA	NA
<b>Total Equity</b>		NA	NA
<b><u>INCOME STATEMENT</u></b>			
<b>Total income</b>		201	121
<b>Profit Before Tax</b>		147	105
<b>Profit After Tax</b>		147	105
<b><u>RATIO ANALYSIS</u></b>			
<b>Net Cash Generated from Operating Activities</b>		2,207	110
<b>Current Ratio (x)</b>		NA	NA
<b>Gearing (x)</b>		NA	NA