

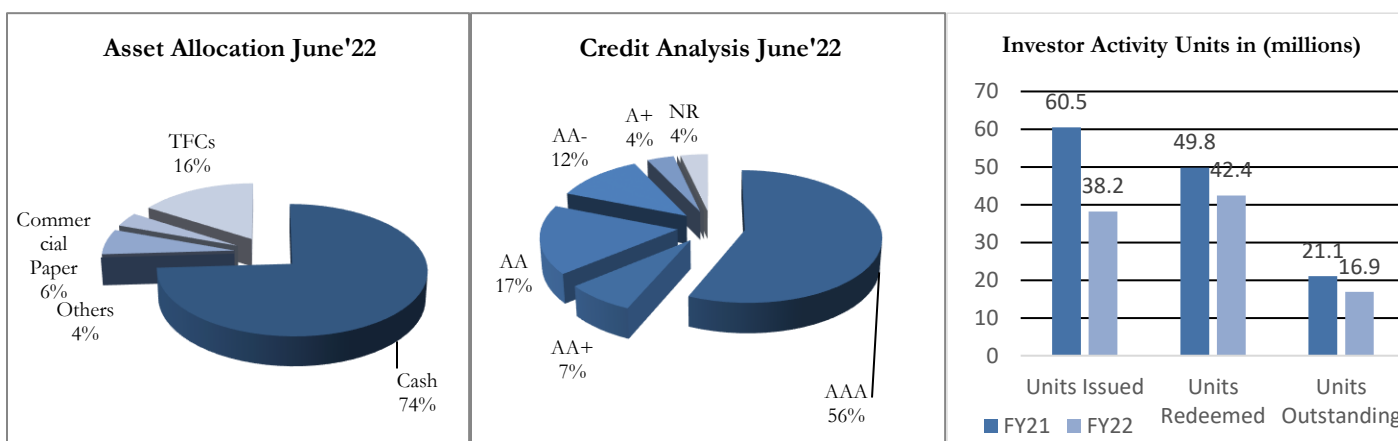
Date: December 29, 2022

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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, '22	Jan 13, '22
AMC	UBL Fund Managers Limited	
External Auditors – Fund	Yousuf Adil, Chartered Accountants	
Trustee	Central Depository Company	
Front-end Load	Upto 1.5%	
Back-end Load	Nil	
Management Fee	Up to 15% of gross earnings (with min 0.25%)	
Benchmark	Average of 1 year KIBOR rates	



Launched in March 2006, UBL Growth and Income Fund is 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 capital over long term. While the Offering Document (OD) does not restrict investments on credit quality parameters, the investment committee internally has a minimum threshold of 'A-' rated investment avenues.

During FY22, fund size decreased to Rs. 1.4b at end-Jun'22 from Rs. 1.8b at end-June'21. The fund size fluctuated during the outgoing year with the lowest and maximum fund size reported at 1.39b (Jan'22) and Rs. 2b (July'21), respectively.

### Offering document (extract)

Description	Minimum rating	Min-Max Limits
Government Securities	N/A	0%-100%
Debt Securities including TFCs, Sukuks	N/A	0%-90%
Term Deposit Receipt	N/A	0%-90%
Commercial Paper	N/A	0%-90%
MTS	N/A	0%-40%
Spread Transaction	N/A	0%-40%
Non-traded securities including reverse repo, bank deposits, money market placements, certificate of investment (COI), certificate of Musharka (COM, certificate of Deposit (COD)	N/A	0%-90%
Any other securities or instruments that may be permitted or approved under SECP rules, regulations or any other directive from time to time	N/A	0%-30%

## Asset Allocation:

Table 2: Asset Class Distribution:

Asset Allocation	Average June'21	Average June'22	June'22
TFC	12.26%	14.59%	15.92%
PIB	23.04%	18.25%	0.00%
T-bills	16.62%	14.76%	0.00%
Placements with Banks	0.88%	0.92%	0.00%
Cash	21.71%	40.80%	74.06%
Spread transaction	11.61%	1.71%	0.00%
Commercial Paper	0.00%	2.97%	6.40%
Others	13.89%	7.20%	3.62%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

During FY22, the fund complied with its mandate. Asset allocation in cash holdings accounted for about 41% while remaining assets were allocated in government securities namely PIBs and T-Bills. During the year, the fund exposure also included investments in commercial paper enhancing liquidity of the same. Average exposure in TFCs of 15% comprised TFC/Sukuk of Financial Institutions. At end-Oct'22, excess exposure (per issue) were as follows:

- Agritech TFC
- New Allied Electronics
- Security Leasing Sukuk
- Trust Investment Bank Limited TFC

## Credit Quality:

Table 3: Credit Quality

Credit Quality	Average	Maximum	Minimum
AAA	58.90%	82.00%	37.00%
AA+	6.31%	7.74%	1.80%
AA	5.01%	17.01%	0.00%
AA-	10.46%	33.10%	4.10%
A+	9.67%	26.90%	2.30%
A	1.20%	1.70%	0.00%
NR	8.46%	34.10%	1.60%

The offering document does not specify minimum rating threshold for the invested instruments, however, the management has placed internal threshold of investing in instruments rated A- or higher. The fund complied with the internal benchmarks in terms of credit quality as well remained in line with benchmark for assigned rating.

However, at end-July'21 a sizeable 34% of the net assets were parked in Non-Rated avenues including Spread Transactions (6.4%) and Others (27.7%) representing mainly receivables.

## Market Risk:

The Investment Policy Statement (IPS) states that that weighted average time to maturity of the net assets, other than federal government securities, shall not exceed 5 years. During FY22, Weighted Average Maturity (WAM) on average was recorded at 1.9 years and average modified duration of the fund stood at 84 days, well under the specified limit for the assigned ratings.

## Liquidity Profile:

AUM profile of the fund comprises of 64% holdings by retail investors at end-FY22. Investor concentration remains modest with top 10 investors accounting for 47% (FY21: 54%) of total fund. Given the fund's liquid asset allocation plan, ability to meet redemptions is considered adequate.

## Fund Performance:

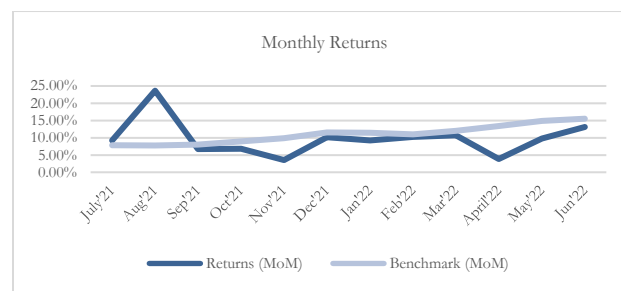


Table 5: Fund Performance:

Performance	FY21	FY22
<b>Total Return</b>	10.85%	9.67%
<b>Benchmark Return</b>	7.52%	11.01%
<b>Peer Average</b>	5.39%	8.76%
<b>Peer Ranking</b>	1/7	3/6

During the year, the fund has underperformed to its benchmark return. The fund generated an annualized return of 9.67% for FY22, below its benchmark rate of 11.01%. The fund ranked 3<sup>rd</sup> out of 6 funds in FY22.

However, the fund ranked top in the peer group and outperformed at end-Oct'22.

<b><u>BALANCE SHEET</u></b>	<b>FY21</b>	<b>FY22</b>
<b>Paid Up Capital</b>	N/A	N/A
<b>Total Equity</b>	N/A	N/A
<b><u>INCOME STATEMENT</u></b>		
<b>Total Income</b>	138	160
<b>Profit Before Tax</b>	140	152
<b>Profit After Tax</b>	140	152
<b><u>RATIO ANALYSIS</u></b>		
<b>Current Ratio (x)</b>	N/A	N/A
<b>Gearing (x)</b>	N/A	N/A

# REGULATORY DISCLOSURES

## Appendix

<b>Name of Rated Entity</b>	UBL Growth & Income Fund		
<b>Sector</b>	Mutual Funds		
<b>Type of Relationship</b>	Solicited		
<b>Purpose of Rating</b>	Fund Stability Rating (FSR)		
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Rating Action</b>
	29-Dec-2022	A+(f)	Reaffirmed
	13-Jan-2022	A+(f)	Reaffirmed
	06-Jan-21	A+(f)	Upgrade
	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
	6-Jan-16	BBB+(f)	Reaffirmed
	4-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
4-Nov-09	A(f)	Reaffirmed	
<b>Instrument Structure</b>	N/A		
<b>Statement by the Rating Team</b>	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.		
<b>Probability of Default</b>	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.		
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