

UBL Growth and Income Fund (UGIF)

Managed By: UBL Fund Manager Limited

Fund Stability Rating

Latest Rating

A+(f)

29-Dec-23

What is Fund Stability Rating

Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors an impartial gauge of the primary areas of risk that income funds may face, including credit risk, liquidity risk, and interest rate risk.

Fund Information

Auditor	Yousuf Adil, Chartered Accountants
Trustee	Central Depository Company Pakistan Limited
Front-end Load	Upto 1.5%
Back-end Load	Nil
Benchmark	Average of 1 year KIBOR rates
MQR Rating	AM1 (VIS)
Mgt. Fee	Up to 2.5% of daily net assets not to exceed max. TER regulatory limit

Fund Overview

UBL Growth and Income Fund (the Fund) is an open-end, aggressive fixed income fund constituted under a Trust Deed entered into on March 02, 2006, between UBL Fund Managers Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

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

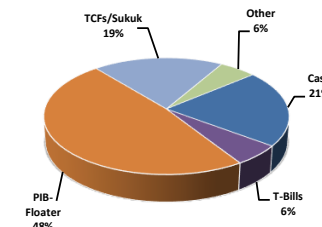
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Government securities	N/A	0% - 100%
Debt Securities including TFCs, Sukuks	N/A	0% - 90%
Term Deposit Receipts	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%

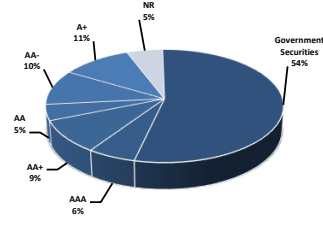
Net Assets

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR Millions)	1,795	1,434	1,194

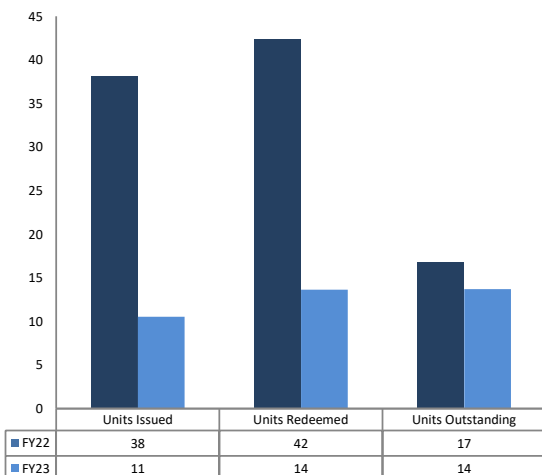
Asset Allocation - Jun'23



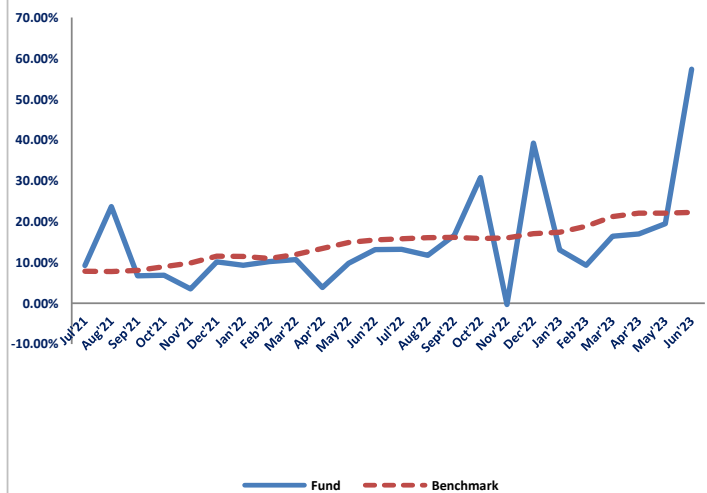
Credit Quality - Jun'23



Investor Activity (Units in Mn.)



Fund Performance vs Benchmark



Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
Government Securities	52.81%	64.14%	41.37%	Cash	40.80%	24.75%
AAA	6.19%	21.84%	2.79%	Commercial Papers	1.73%	1.32%
AA+	7.71%	10.20%	5.28%	Placement with Banks and DFIs	0.92%	0.84%
AA	4.15%	7.98%	1.67%	T-Bills	14.76%	7.97%
AA-	12.15%	36.72%	3.92%	PIB-Fixed	0.00%	3.82%
A+	11.16%	24.07%	2.66%	PIB-Floater	18.25%	41.02%
A	0.00%	0.00%	0.00%	TCFs/Sukuk	14.59%	14.52%
A-	0.00%	0.00%	0.00%	MTS & Spread Transaction	1.71%	0.00%
BBB+	0.00%	0.00%	0.00%	Other	7.20%	5.77%
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR*	5.82%	11.57%	3.58%			

*Non-rated includes receivables/accruals from securities of having a credit rating of not less than A+

Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in year(s)	2.60	3.67	1.61	Total Return	9.67%	22.29%
Duration (In Days)	90	391	18	Benchmark Return	11.01%	18.38%
				Peer Average	8.76%	14.94%
				Peer Ranking	3/6	1/6

Fund Stability Analysis

The UBL Growth and Income Fund has been assigned a fund stability rating of A+(f). This rating indicates a moderate degree of stability in the Net Asset Value (NAV) of the fund, with risk factors that may vary with possible changes in the economy.

Asset Allocation:

The fund's Asset Under Management (AUMs) decreased to Rs. 1.2b (June'22: Rs. 1.4b) as at June'23. The fund's asset allocation is within the parameters identified in the offering document. In FY23, the fund has augmented its investment in Pakistan Investment Bonds (PIBs), concurrently diminishing its exposure to Cash and Treasury Bills (T-Bills). The fund's predominant investments are concentrated in PIBs (44.8%), Cash (24.8%), Term Finance Certificates (TFCs) and Sukuk (14.4%), and T-Bills (8.0%).

Credit Quality:

While the offering document does not explicitly outline a minimum rating threshold for the invested instruments, the management has internally set a criterion requiring investments in instruments rated A- or higher. The fund adhered to these internal benchmarks with minimum investment of A+ during FY23. A significant portion of the fund's portfolio is allocated to government securities (52.8%), followed by AA- rated securities (12.2%), and A+ rated securities (11.2%).

Market and Liquidity Risk:

As per the stipulations in the Investment Policy Statement (IPS), the weighted average time to maturity (WAM), excluding federal government securities, is mandated not to surpass 5 years while the maximum WAM recorded during the review period stood at 3.7 years. The average modified duration of the fund stood at 90 days, well under the specified limit for the assigned ratings.

As of June'23, the retail portion of the fund has experienced an attrition, standing at 58% (June'22: 64%). Consequently, the concentration of the top 10 investors has witnessed an increase, reaching 65% in June'23 (June'22: 47%). Despite these shifts, it is noteworthy that the fund's strategic liquid asset allocation plan deems its ability to meet redemptions as adequate.

Fund Performance:

During FY23, the fund has outperformed its benchmark and peer average and is ranked 1st out of total of 6 funds in FY23.

Financial Snapshot		
BALANCE SHEET	FY22	FY23
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY22	FY23
Total Income	159.6	335.4
Profit Before Tax	151.5	312.6
Profit After Tax	151.5	312.6
RATIO ANALYSIS	FY22	FY23
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	UBL Growth and Income Fund	Sector	Mutual Funds
Type of Relationship	Solicited	Purpose of Rating	Fund Stability Rating (FSR)

Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	29-Dec-23	A+(f)	Reaffirmed
Fund Stability	29-Dec-22	A+(f)	Reaffirmed
Fund Stability	13-Jan-22	A+(f)	Reaffirmed
Fund Stability	6-Jan-21	A+(f)	Upgrade
Fund Stability	31-Dec-19	A(f)	Reaffirmed
Statement by the Rating Team	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.		
Probability of Default	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.		
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2023 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.		
Rating Methodology	https://docs.vis.com.pk/docs/FundstabilityRating.pdf		
Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

Lead Analyst	Analyst
M. Amin Hamdani	Syed Ilyas Afridi
amin.hamdani@vis.com.pk	ilyas.afridi@vis.com.pk

Note: VIS' mutual fund rating is not a recommendation to buy, sell, or hold any fund, in as much as it does not comment as to suitability for a particular investor.