

UBL Growth and Income Fund (UGIF)

Managed By: UBL Fund Manager Limited

Fund Stability Rating

Latest Rating

A+(f)

9-Jan-25

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

Launch Date	March 02, 2006
Fund Type	Open End
Category	Aggressive Income Fund
Risk Profile	Medium
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 perserving capital over the long term.

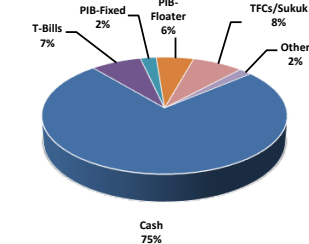
Offering Document (Extract)

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%

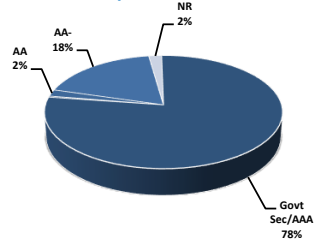
Net Assets

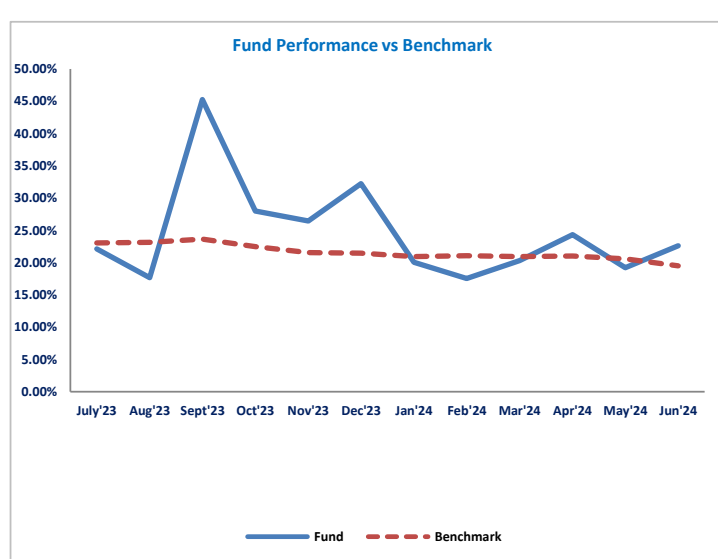
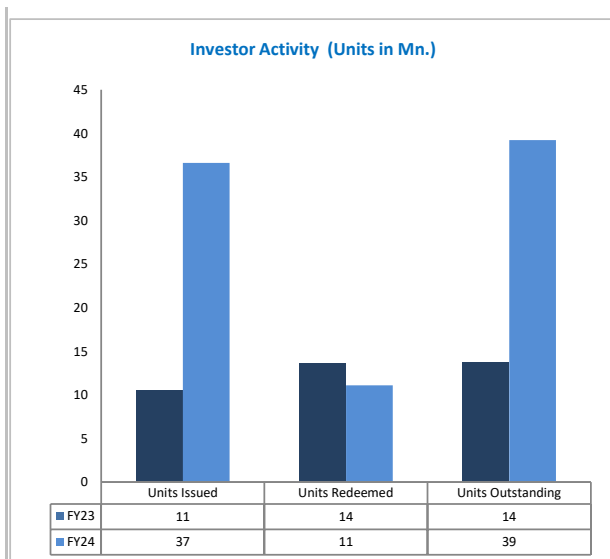
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	1,434	1,194	3,347

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg.
Govt Sec/AAA	57.73%	78.90%	58.90%	Cash	24.75%	27.71%
AA+	3.36%	7.71%	6.31%	Commercial	1.32%	0.00%
AA	6.62%	4.15%	5.01%	Placement with	0.84%	0.84%
AA-	24.80%	12.15%	10.46%	T-Bills	7.97%	6.35%
A+	0.07%	11.16%	9.67%	PIB-Fixed	3.82%	8.44%
A	0.00%	0.00%	1.20%	PIB-Floater	41.02%	18.30%
A-	0.00%	0.00%	0.00%	GoP Ijara Sukuk	0.00%	3.67%
BBB+	0.00%	0.00%	0.00%	TFCs/Sukuk	14.52%	27.57%
BBB	0.00%	0.00%	0.00%	MTS & Spread	0.00%	0.00%
BBB-	0.00%	0.00%	0.00%	Transaction	5.77%	7.13%
NR	7.03%	5.82%	8.46%	Other		

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

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	2.98	3.96	0.79	5.00	Total Return	22.29%	27.58%
Duration (In Days)	135	248	37	1825	Benchmark Return	18.38%	21.62%
					Peer Average	14.94%	22.78%
					Peer Ranking	1/6	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:

During FY24, the Fund's Assets Under Management (AUM) grew significantly by ~217%, reaching Rs. 3.3b as of Jun'24 (Jun'23: Rs. 1.2b). Throughout this period, the Fund adhered to its mandate as outlined in the offering document. On average, Government Securities, including T-Bills, PIBs (Fixed and Floater), and GoP Ijara Sukuk, constituted the largest share of investments, collectively comprising ~37% of the Fund's portfolio. This was followed by Cash deposits and TFCs/Sukuk, each accounting for ~28%.

Credit Quality:

Although the offering document does not explicitly specify a minimum rating threshold for the invested instruments, the management has internally established a criterion requiring investments to be rated A- or higher. The Fund has adhered to this criterion throughout the year. On average, investments were predominantly held in Govt Sec/AAA-rated avenues, which accounted for ~58% of the portfolio. Additionally, AA- rated issues/issuers constituted ~25% of the exposures, with the remaining allocations placed in AA and AA+ rated issues/issuers. Cash is generally maintained in AA- rated institutions. The 'Not Rated' exposures account for the receivable against sale of securities or profit accrued.

Market and Liquidity Risk:

As per the offering, the weighted average time to maturity (WAM) is capped at 5 years. This is not applicable to government securities. During FY24, the Fund has maintained its WAM well below its defined threshold, with average WAM recorded at 2.98 years.

During this period, the liquidity profile weakened, with liquid assets declining to ~68% of total assets (FY23: ~84%). As at Jun'24, the retail proportion saw an increase, accounting for ~85% of the AUM (Jun'23: ~58%), while corporate investors made up ~15% of the portfolio. Additionally, the concentration risk is considered low, with top ten clients representing ~15% of the AUM as at Jun'24.

Fund Performance:

During FY24, the Fund's YTD returns clocked in at 27.58%, outperforming both its benchmark and peer average, and ranking as the top-performing fund among a total of six funds.

Financial Snapshot

	FY23	FY24
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY23	FY24
Total Income	253.6	221.9
Profit Before Tax	312.6	237.3
Profit After Tax	312.6	237.3
RATIO ANALYSIS	FY23	FY24
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	9-Jan-25	A+(f)	Reaffirmed
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.		
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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