

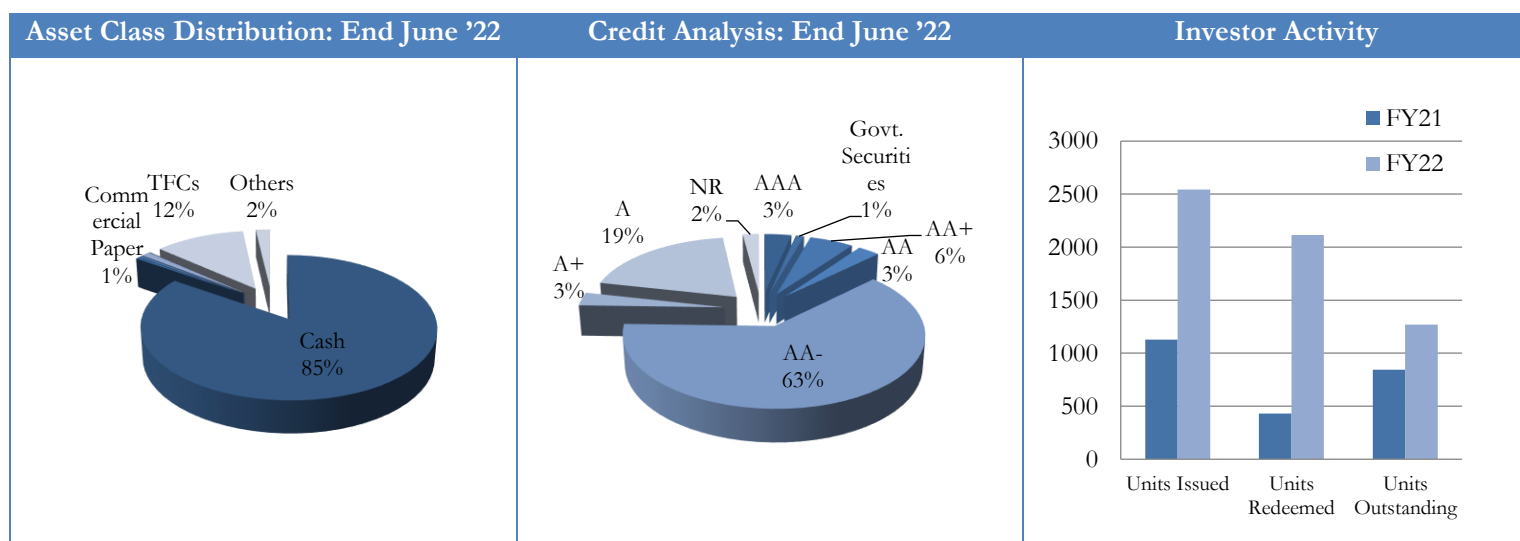
30 December, 2022

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Investment Objective

To earn a superior risk adjusted rate of return by investing in a blend of short, medium and long term instruments, both within and outside Pakistan.

ABL Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A(f)	A(f)
	December 30, '22	Jan 16, '18
Management Company	ABL Asset Management Company Limited	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	1.5% p.a.	
Back-end Load	Nil	
Management Fee	1.5% pa	
Benchmark	6 Month KIBOR	



Launched in September 2008, ABL Income Fund (ABLIF) is an open-ended fund, managed by ABL Asset Management. The fund’s objective is to provide its investors with competitive risk adjusted rate of returns by investing in a blend of short, medium, and long-term fixed income and debt instruments, both within and outside Pakistan.

Maximum and minimum limits have been stated in the Investment Policy Statement (IPS). In order to restrict the fund’s exposure in various investments and credit quality, quarter of the fund’s asset must be allocated in cash and cash equivalents, other investment avenues comprise of government securities, TFCs and Commercial Paper. Easing of credit quality thresholds have been observed in the latest changes made to the IPS in Nov 2021.

End-FY22, fund size grew to Rs.12.6b (FY21 Rs. 8.4b) Assets Under Management (AUMs) were reported to be highest in end-August’21 at Rs. 15.6b.

Table 1: Offering Document Extract

Description	Minimum Rating	Limit
T-Bills, PIBs, FIBs & Other Government Securities	N/A	0%-100%
Cash in Bank Accounts	Investment Grade	25%-100%
Bank Deposits	Investment Grade	0-75%
Commercial Paper	Investment Grade	0%-50%
Term Finance Certificates	Investment Grade	0%-75%
Margin Trading System (MTS)	N/A	0%-40%
Any investment, which is an Authorized Investment under the Trust Deed or which is authorized by the Commission	Investment Grade	50% unless otherwise specified by the Commission

Asset Allocation

Table2: Asset Class Distribution

	Average June 21	Average June 22	October 2022
Cash	32%	51%	29%
T-bills	16%	15%	1%
PIBs	12%	2%	50%
Commercial Paper	4%	3%	2%
TFCs	30%	10%	16%
Bank Placements & DFIs	0%	8%	0%
MTS	0%	3%	0%
Others	5%	8%	3%
Total	100%	100%	100%

On a monthly average basis, the fund’s asset allocation plan majorly remained concentrated in its cash balances and T-bills during FY22. Remaining investments comprise of PIBs, commercial paper, TFCs and bank placements. Barring the month of August’21 where the fund fell below the cash exposure limit and approximately 62% of the assets were parked in others, the fund complied with the asset allocation criteria for the assigned rating.

Table3: Credit quality Summary FY22

	Average	Maximum	Minimum
AAA	9%	44%	0%
Government Securities	17%	53%	1%
AA+	14%	44%	1%
AA	4%	8%	1%
AA-	33%	63%	3%
A+	3%	4%	2%
A	14%	26%	2%
Others	6%	18%	1%

During FY22, almost 1/3rd of the fund’s assets remained parked in ‘AA-’rated instruments. Some deviations were noted in the minimum thresholds of credit quality as defined in VIS methodology, although asset allocation remained in compliance with their IPS mandate.

Liquidity Profile:

At end June’22 total number of investors in the fund witnessed an increase to 1,980 (FY21: 1,800). Retail concentration remained nearly the same as the preceding year, 97% of the fund’s portfolio largely comprises of retail investors while a marginal portion is held by corporates and associates. Top-10 investor concentration of the fund increased to 88% during FY22 (FY21 68%) depicting high concentration risk, however, given the fund’s liquid asset class distribution, ability to meet redemptions is considered adequate during FY22.

Market Risk

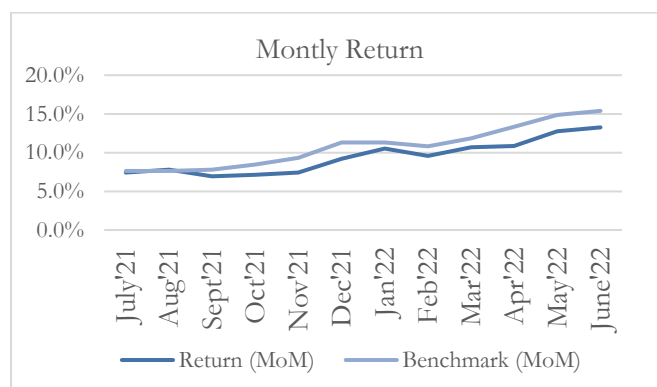
As per internal policy, target duration of the fund has been capped at 1 year while Weighted Average maturity (WAM) of the fund is targeted at 4 years, WAM of the fund was reported to be 241 days on average basis while at end-June’22 the same increased to 264 days. There was no breach in WAM and duration of the fund during FY22.

Fund Performance:

Benchmark return of the fund is determined from the average 6 month KIBOR. At end-June’22 the fund generated an annualized return of 9.93% (FY21: 4.76%) outperforming its peer average of 9.38% (FY21: 5.81%) however, barring the month of August’21 ABL-IF consistently underperformed its benchmark. in terms of peer ranking, the fund ranked 8 of 30 in the income fund category.

Table 4: Performance Summary

Performance	FY21	FY22
Total Return	4.76%	9.93%
Benchmark Return	7.41%	10.80%
Relative Ranking	27/31	8/30
Peer Average	5.81%	9.38%



(amounts in PKR millions)

BALANCE SHEET	FY21	FY22
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	226	1,350
Profit Before Tax	180	1,241
Profit After Tax	180	1,241
RATIO ANALYSIS		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A

ISSUE/ISSUER RATING SCALE & DEFINITIONS

Appendix I

VIS Credit Rating Company Limited
RATING SCALE & DEFINITIONS: FUND STABILITY RATING SCALE
AAA(f)

Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions

AA+(f), AA(f), AA-(f)

High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economics conditions

A+(f), A(f), A-(f)

Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy

BBB+(f), BBB(f), BBB-(f)

Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy

BB+(f), BB(f), BB-(f)

Low degree of stability in NAV. Risk factors are sensitive to changes in the economy

B(f)

Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy

The FSR scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings.

FSRs may be placed under 'Rating-Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate re-evaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating-Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating-Watch' may result in a rating change, while the rating continues to be placed under 'Rating-Watch'.

REGULATORY DISCLOSURES		Appendix		
Name of Rated Fund	ABL 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	30/12/2022	A+ (f)	Reaffirmed
	Fund Stability	18/01/2022	A+(f)	Reaffirmed
	Fund Stability	12/31/2020	A+(f)	Upgrade
	Fund Stability	1/20/2020	A(f)	Reaffirmed
	Fund Stability	1/16/2019	A(f)	Reaffirmed
Instrument Structure	N/A			
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.			
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