

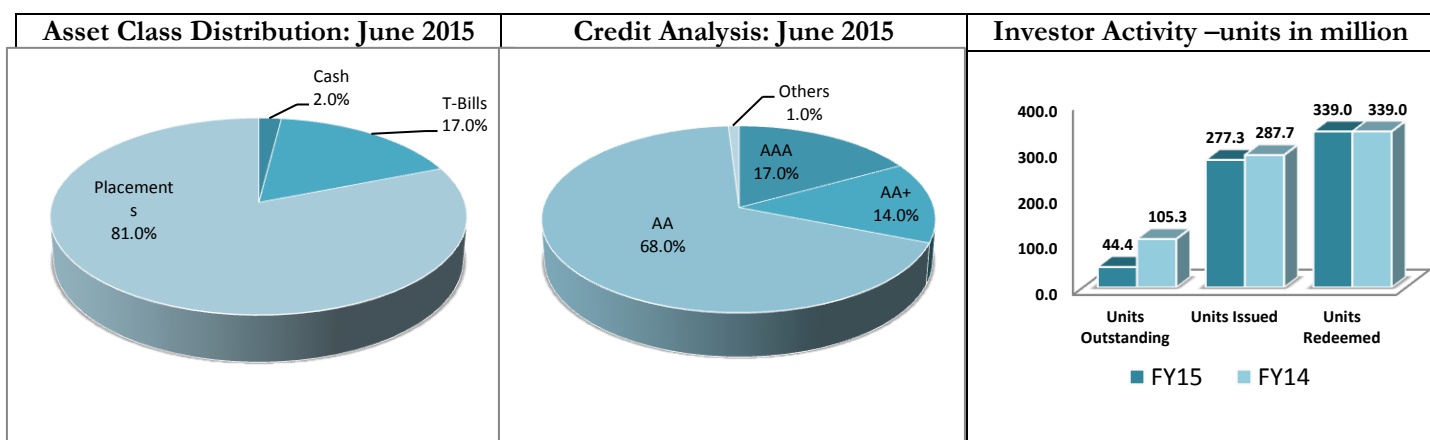
Date: January 19, 2016

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Investment Objective

To invest in a diversified portfolio of low risk assets. The fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.

UBL Liquidity Plus Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) <i>Jan 6, 2016</i>	AA(f) <i>Aug 4, 2014</i>
Asset Management Company	UBL Fund Managers Limited	
External Auditor - Fund	BDO Ebrahim & Co	
Fund Manager	Mr. Jawad Naeem	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	10% of all gross earnings (with min. fee of 1% p.a. & max. fee of 1.25% p.a.)	
Benchmark	50% 3M PKRV + 50% 3M TDR (with AA rated banks and above)	



UBL Liquidity Plus Fund (ULPF) was launched in June 2009, with a mandate to provide competitive returns to unit-holders while maintaining a conservative risk profile and high liquidity. Fund size experienced significant contraction in the out-going year on the back of sizeable redemptions, primarily within the month of June. At end-June’2015, fund size was reported at Rs. 4.5b (Dec’2014: Rs. 8.1b, Dec’2013: Rs. 14b). Fund size stood at Rs. 6.1b at end-Nov’2015.

The fund’s offering document (OD) limits exposure to AA rated and above exposures, with exposure to Government securities allowed to the extent of 100% of net assets, representing a conservative risk profile. However, the supplement to OD, effective August’2014 removed the previously required minimum exposure of 20% to debt securities issued by government securities. The fund’s investment policy statement (IPS) further

requires minimum 10% exposure in the form of deposits with banks/DFIs.

Asset allocation has been within the policy limits during FY15.

Table 1: ULPF Asset Class Composition (Per IPS)

Asset Class	Revised OD	IPS
Deposits with/Lending (under LoP) to Banks/DFIs	0-70%	10-70%
Government Securities	20-100%	
Reverse Repo against Government Securities or others	0-70%	0-50%
Current & Savings Account	0-100%	0-100%
Other Government Backed Securities/ Saving Schemes		0-50%
CODs & COIs & Certificates of Musharka	0-20%	0-20%
Commercial Paper	0-10%	0-10%

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All Debt securities (listed or privately placed) issued by federal/provincial/local government owned/controlled /managed entities	0-100%	20 – 100%
Foreign investments (in authorized money market instruments and other money market mutual funds)	Up to 30%, subject to cap of US\$15m or limit specified by SECP	Up to 30%, subject to cap of US\$15m or limit specified by SECP

Credit risk exposure remains limited, due to deployment of majority of fund in AA or above rated assets.

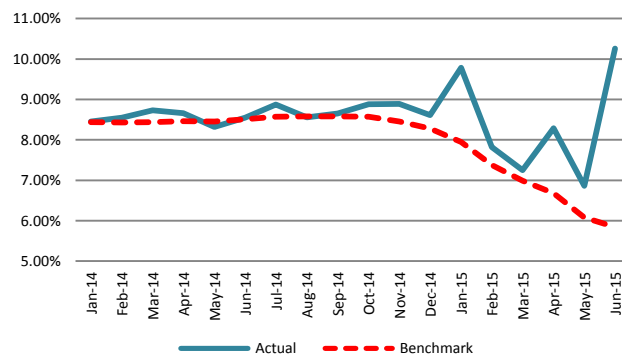
Overall, exposures within placements with banks and DFIs represented 81% of the mix at end-June'2015. Although holdings of government paper stood at twice the level vis-à-vis previous year at end-June'2015, average holdings of the same over the course of the year hovered around previous year's level and represented two thirds of the portfolio. At end-October'2015, T-bills formed the major proportion of assets followed by deposits with banks.

Table 2: Actual Asset Allocation

	End-June 2015	Average FY15
Cash	2%	3%
T-Bills	17%	65%
PIB	0%	1%
Placements with Banks & DFIs	81%	31%

In-line with its mandate, weighted average maturity (WAM) of assets in the scheme remained at or less than 90 days during FY15; moreover single asset maturity has been capped at 6 months. Maximum WAM of 90 days was reported at end-February'2015, whereas minimum WAM of 38 was reported during June'2015. The fund's return is benchmarked against an average of 3M PKRV and 3M TDR placements with AA rated banks. Overall, the fund outperformed its benchmark in the out-going year by 89bps, and posted a net return of 8.56%. Although performance tracked the benchmark during the first half of the out-going year, the latter half was dominated by instances of sharp positive divergence vis-à-vis benchmark returns on account of decline in benchmark rates. In comparison with its peer, the fund ranked 8th out of 22 funds in terms of gross returns.

Figure 1: ULPF Historical Performance (Actual vs. Benchmark)



Unit holder concentration has trended upwards over time; at end-2015, top-10 investors held 77% (FY14: 49%) of outstanding units [JCR-VIS](#)

JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
06-Jan-16	AA(f)			Reaffirmed
04-Aug-14	AA(f)			Downgrade
13-May-13	AA+(f)			Reaffirmed
29-Mar-12	AA+(f)			Harmonised
08-Dec-10	AA+(f)			Reaffirmed