

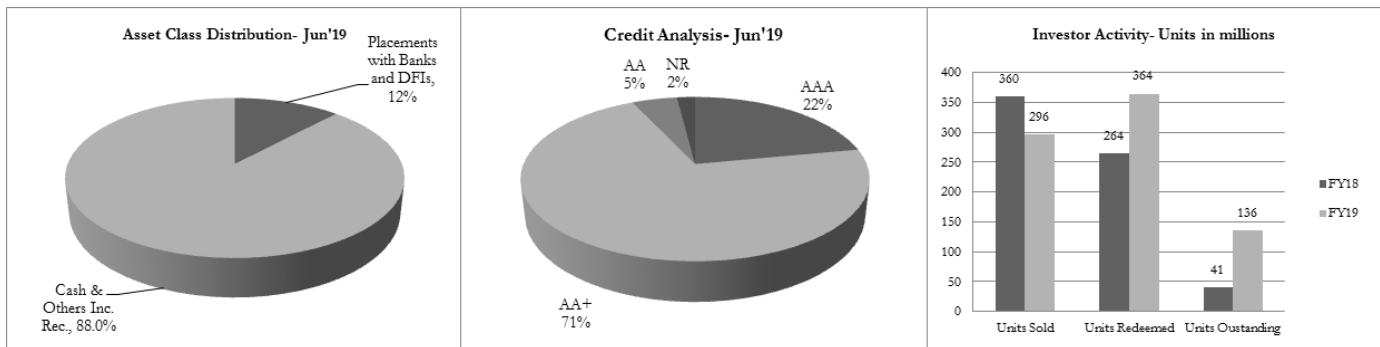
Date: January 02, 2020

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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>Dec 31, 2019</i>	AA(f) <i>Dec 31, 2018</i>
Asset Management Company	UBL Fund Managers Limited	
External Auditor - Fund	BDO Ebrahim & Co	
Fund Manager	Mr. Usama Bin Razi	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	5% of gross earnings (with min. fee of 0.25% p.a. & max. fee of 1% p.a.)	
Benchmark	70% average of 3M PKRV rates + 30% 3M average deposit rate of 3 AA rated scheduled Banks as selected by MUFAP	



UBL Liquidity Plus Fund (ULPF) was launched in June 2009, to provide competitive returns to unit-holders in shorter duration instruments while maintaining low risk and high liquidity. During FY19, fund size depicted significant decline to Rs. 6.8b (FY18: Rs. 14.4b) on account of sizeable redemption. However, net assets increased to Rs. 9b at end-Oct'19.

The Offering Document (OD) restricts exposure in AA-rated or above and government securities. However, there's no minimum exposure limit of net assets for AAA-rated, as per assigned rating criteria.

**Table 1: ULPF Asset Class Composition (Per IPS)**

Asset Class	IPS	Rating
Cash & Cash Equivalents	20-100%	AA
Deposits with commercial and scheduled banks	0-100%	AA
Lending (LOP etc.) to Banks /DFIs	0-50%	AA
TDR with commercial & schedule bank	0-80%	AA
Deposit (current/saving/PLS/terms)	0-25%	AA
Certificates of Deposit (COD), Certificates of Investment (COI)	0-25%	AAA
Reverse repo against GoP or other allowable securities	0-70%	GoP/AA
Foreign Investments	0%-30%	AA
Securities Issued by Federal Government	0-100%	GoP
Commercial Papers	0-30%	AA
COIs with DFIs	0%-70%	AA
Any other investments	0%-70%	AA

At end-FY19, the fund allocated its assets primarily in saving accounts and at placements with banks and DFT's, as shown in Table 2. Exposure in cash remained the highest, representing 88% of total assets. Asset allocation complied with the objectives of investment policy statement (IPS). At end-Oct'19, more than 50% assets were allocated in government instruments.

**Table 2: ULPF Asset Class Composition**

Asset Class Distribution	Jun'18	Jun'19
T-Bills	0%	0%
PIB	0%	0%
Placements with Banks and DFIs	11.0%	12%
Cash & Others Inc. Rec.	89.0%	88.0%

The investment policy statement (IPS) of ULPF restrict the fund to limit exposure primarily in sovereign instruments and AA- rated or above. The fund has complied with its IPS and hence no breach was witnessed during FY19. Assigned rating criteria restricted the fund to maintained minimum exposure of 25% in AAA-rated; the fund remained compliant with rating benchmarks.

**Table 1: Credit Quality**

Credit Analysis	Jun'19
AAA	22%
AA+	71%
AA	5%
NR	2%

In line with investment mandate, weighted average maturity (WAM) and modified duration of the fund remained at less than 90 days. Maximum WAM and duration of 70 days were reported during FY19. Hence the fund complied with its requirements.

**Table 2: Modified Duration**

Month	Modified Duration (Days)
Jul'18	11
Aug'18	49
Sep'18	6
Oct'18	53
Nov'18	15
Dec'18	4
Jan'19	40
Feb'19	70
Mar'19	6
Apr'19	26
May'19	1
Jun'19	16

The fund's benchmark is a blended composition of 70 % average 3M PKRV rates and 30% 3M average deposit rate of three 3 AA rated scheduled banks as selected by MUFAP. During FY19, the fund reported return of 8.66% (FY18: 5.51%) vis-à-vis benchmark of 8.72% (FY18: 5.26%). In comparison with its peers, the fund's performance weakened and ranked 14th (FY18: 2 out of 21) out of 20 funds in terms of gross returns during FY19. Liquidity profile of the fund is supported by exposure to highly marketable assets.

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
31-Dec-19	AA(f)			Reaffirmed
31-Dec-18	AA(f)			Reaffirmed
29-Dec-17	AA(f)			Reaffirmed
29-Dec-16	AA(f)			Reaffirmed
06-Jan-16	AA(f)			Reaffirmed
04-Aug-14	AA(f)			Downgrade
13-May-13	AA+(f)			Reaffirmed
29-Mar-12	AA+(f)			Harmonized
08-Dec-10	AA+(f)			Reaffirmed

<b>FINANCIAL SUMMARY</b>		<i>(amounts in PKR millions)</i>	
<b><u>BALANCE SHEET</u></b>		<b>FY18</b>	<b>FY19</b>
<b>Paid Up Capital</b>		NA	NA
<b>Total Equity</b>		NA	NA
<b><u>INCOME STATEMENT</u></b>			
<b>Total income</b>		601	1,099
<b>Profit Before Tax</b>		509	955
<b>Profit After Tax</b>		509	955
<b><u>RATIO ANALYSIS</u></b>			
<b>Net Cash Generated from Operating Activities</b>		528	337
<b>Current Ratio (x)</b>		NA	NA
<b>Gearing (x)</b>		NA	NA