

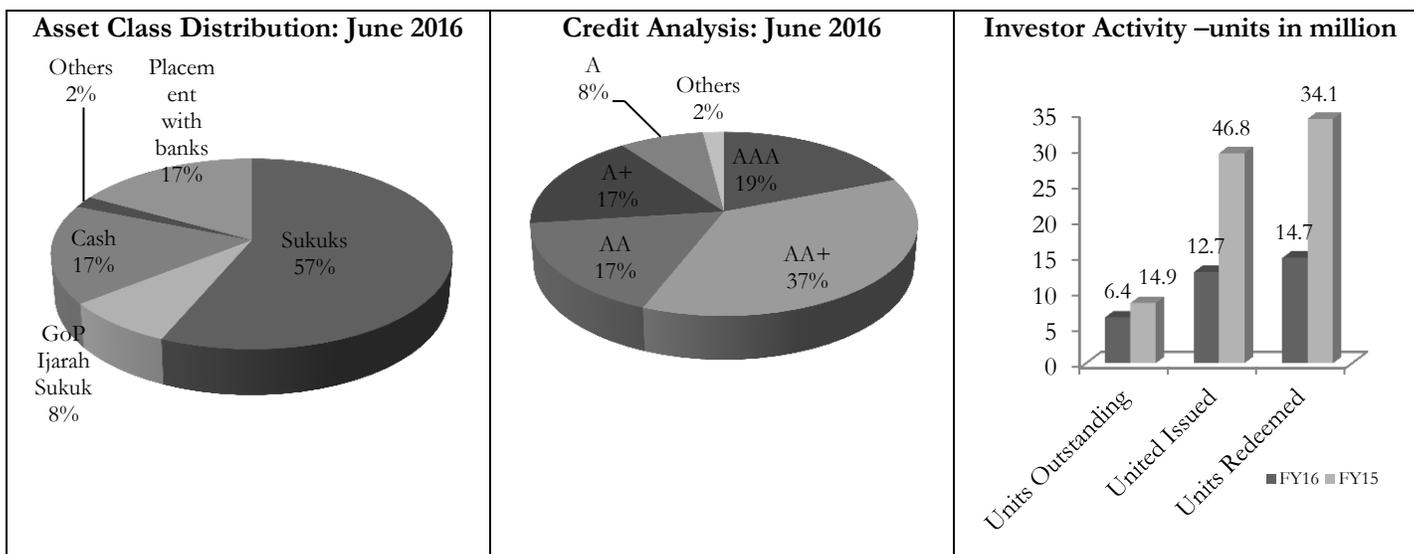
Date: January 02, 2017

Analyst: Talha Iqbal
Sidra Ahsan Qureshi

Investment Objective

To invest in medium to long-term Shariah Compliant income instruments as well as shorter tenor money market instruments with the aim of generating superior, long-term, risk adjusted returns while preserving capital over the long-term.

Al-Ameen Islamic Aggressive Income Fund (Formerly: Al-Ameen Islamic Income Fund)		
Rating Category	Latest	Previous
Fund Stability Rating	BBB+(f)	BBB+(f)
	Dec 30, '16	Jan 6, '16
Management Company	UBL Fund Managers Ltd	
Fund Manager	Mr. Syed Shabbir Sardar Zaidi	
External Auditors - Fund	Ernst & Young Ford Rhodes Sidat Hyder	
Trustee	Central Depository Company Ltd.	
Front-end Load	1% (Income & Growth Units)	
Back-end Load	None	
Management Fee	1.5% p.a.	
Benchmark	Weighted average of 12-month deposit rates of three different Islamic Banks	



Al-Ameen Islamic Aggressive Income Fund (AIAIF) was launched in October 2007 by the name of United Islamic Income Fund; it was renamed subsequently to Al Ameen Islamic Income Fund in line with the rebranding of all Islamic Funds being managed by UBL Fund Managers Limited (UBL FM). This fund is managed by UBL FM, which is rated ‘AM2++’, reflecting ‘High’ Management Quality.

Size of the fund witnessed a decline to Rs. 643m (FY15: Rs. 829m) at end-FY16. At end-October’2016 fund size increased and stood at Rs. 1.3b.

As per Offering Document (OD), the fund is required to maintain minimum 10% of the net assets in cash and short term GoP securities with a maturity of less than 90 days. A maximum limit of 30% is also in place in relation to the overseas investment. No change was observed in the established asset allocation limits in FY16vis-à-vis last year.

Table 1: Exposure Limits (as per OD)

	Minimum Limit	Maximum Limit
Cash & Cash Equivalent	10%	100%
GoPIjarah Sukuk	0%	90%
Commercial Paper	0%	90%
Bank Deposits/ COIs/ CODs etc	0%	90%

Information herein was obtained from sources believed to be accurate and reliable; however, JCR-VIS Credit Rating Company Limited (JCR-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. JCR-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 in this report. JCR-VIS is not an NRSRO and its ratings are not NRSRO credit ratings. JCR-VIS is paid a fee for most rating assignments. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. Copyright 2017 JCR-VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to JCR-VIS.

JCR-VIS Credit Rating Company Limited

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

Corporate Sukuk	0%	90%
Shariah compliant Spread Transactions	0%	90%
Overseas Investment (subject to a cap of \$15m)	0%	30%
Others	0%	90%

At end-FY16, the fund built sizeable exposure in Corporate Sukuk to the tune of 57% of the total assets. Major Sukuk holdings comprised Engro Fertilizer and K-Electric Sukuk, accounting for 17.1% and 16.4% of net assets, respectively. According to the IPS, per party exposure limit is set at 15%. Excess exposure in K-Electric and Engro Fertilizer Sukuk has been rectified subsequently to bring it in line with policy guidelines. Following table depicts the actual asset allocation:

Table 2: Actual Asset Allocation (Total Assets)

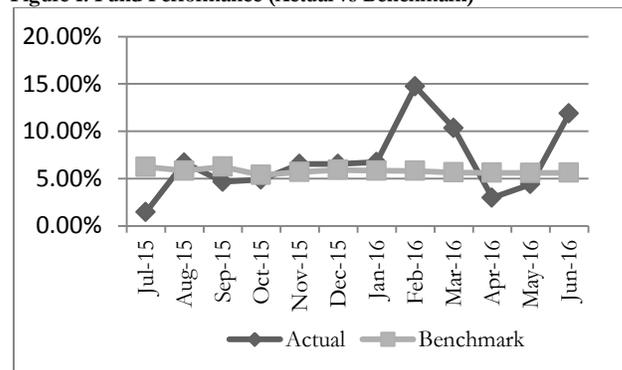
	End-June 2016	Average FY16
GoPIjarah Sukuk	8%	10%
Corporate Sukuk	57%	45%
Cash	17%	34%
Placement with Banks/DFIs	17%	8%
Others	2%	4%

The fund possesses the ability to assume higher credit risk, given that no minimum criterion has been specified in proposed investment guidelines to limit counterparty risk. Below 'A' exposures amounted to only 2% of net assets at end-FY16.

Weighted Average Maturity (WAM) of the fund is capped at 5 years, excluding the federal government issued securities. WAM of the fund has remained below the specified limit during FY16. During 2016, maximum duration of the fund was reported at 1.22 years at end-April'2016 while duration stood at 0.25 years at end-October'2016.

The fund is benchmarked against monthly average deposit rates of 3 Islamic banks. During FY16, AIAIF outperformed its benchmark by posting a return of 7.06% vis-à-vis benchmark return of 5.84%.

Figure 1: Fund Performance (Actual vs Benchmark)



Top-10 investor' concentration accumulated to 36.7% (FY15: 30%) at end-June 2016, while investment by related parties was equivalent to 7% (FY15: 33.4%). Ability to meet redemption in a timely manner is considered adequate 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>				
30-Dec-16	BBB+(f)			Reaffirmed
06-Jan-16	BBB+(f)			Reaffirmed
12-Aug-14	BBB+(f)			Upgrade
25-Apr-13	BBB(f)			Upgrade
10-Apr -12	BB+(f)			Downgrade
08-Dec-10	BBB-(f)			Initial