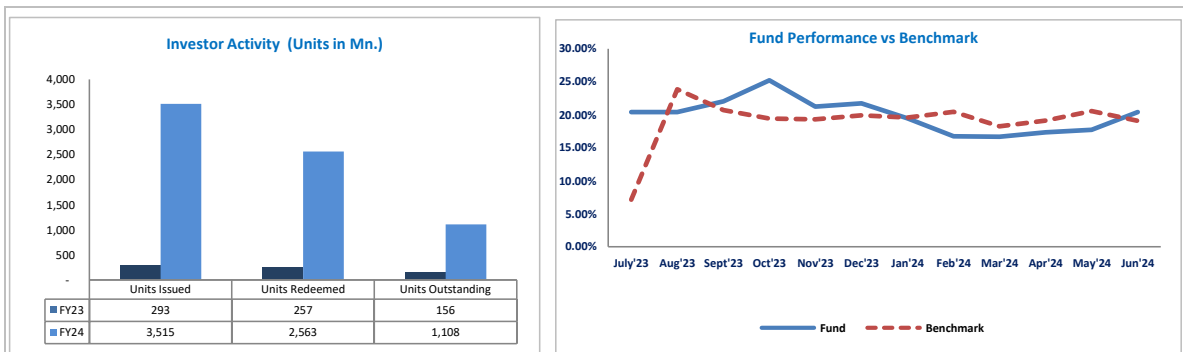


Meezan Sovereign Fund (MSF)		
<i>Managed By: Al-Meezan Investment Management Limited</i>		
Fund Stability Rating		
Latest Rating		
AA(f)		
6-Feb-25		
What is Fund Stability Rating		
Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment 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		Fund Overview
Launch Date	February 10, 2010	Meezan Sovereign Fund (the Fund) is an open-end income fund constituted under a Trust Deed entered into on Feb 10, 2010, between Al-Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.
Fund Type	Open End	
Category	Income	
Risk Profile	Moderate	
Auditor	EY Ford Rhodes, Chartered Accountants	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	1.00%	
Back-end Load	Nil	
Benchmark	6 Months PKISRV Rate	
MQR Rating	AM1 (VIS)	
Mgt. Fee	Up to 0.6% p.a. (min 0.25)	
		Investment Objective
		The objective of the scheme is to seek maximum possible preservation of capital and a reasonable rate of return.

Offering Document (Extract)		
Description	Minimum rating	Min- Max Limits
Shariah compliant fixed income Government Securities (including Sukuks) issued or guaranteed by GoP.	N/A	70%-100%
Cash in Bank Accounts of Islamic Banks and licensed Islamic Banking windows of conventional Banks (Excluding TDR) plus Government Securities having maturity not exceeding 90 days.	A+/AA-	10%/10-30%
Shariah Compliance Spread transactions in Government Securities	NA	0%-40%
Shariah Compliant non-traded securities with maturity not exceeding six (6) months, including but not limited to Bank Deposits with licensed Islamic Banks and/or licensed Islamic Banking windows of conventional Banks and placement of funds with Islamic Financial Institutions.	AA-	0%-25%
Shariah Compliant non-traded securities with maturity exceeding six (6) months, including but not limited to Bank Deposits with licensed Islamic Banks and/or licensed Islamic Banking windows of conventional Banks and placement of funds with Islamic Financial Institutions.	AA-	0%-15%
Authorized Shariah compliant investment outside Pakistan including Islamic Sovereign mutual funds shall be subject to prior approval and guidelines (if any) of the SECP, SBP and Shariah advisor.	N/A	0%-As allowed by SECP
Any other Shariah Compliant instruments/securities that may be permitted or approved by the SECP and Shariah Advisor of the Scheme from time to time	-	0%-As allowed by SECP

Net Assets			
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	6,196	8,133	57,965
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	93.76%	100.00%	81.80%	Government Securities	78.83%	72.23%
AA+	0.00%	0.01%	0.00%	Cash	17.73%	22.19%
AA	0.00%	0.00%	0.00%	Others	3.44%	5.58%
AA-	0.12%	0.90%	0.00%			
A+	0.83%	2.90%	0.00%			
A	0.00%	0.00%	0.00%			
A-	0.00%	0.00%	0.00%			
BBB+	0.00%	0.00%	0.00%			
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR	5.29%	0.00%	0.00%			

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	1.84	3.00	1.08	4.00	Total Return	15.37%	21.89%
Duration (In Days)	91	131	58	1460	Benchmark Return	6.06%	18.95%
					Peer Average	15.75%	21.08%
					Peer Ranking	16/23	6/31

Fund Stability Analysis

The Meezan Sovereign Fund has been assigned Fund Stability Rating of AA(f). This rating indicates a high degree of stability in the Net Asset Value (NAV) of the fund, with modest risk that may vary slightly due to changing economic conditions.

Asset Allocation:

During FY24, the Fund's Assets Under Management (AUM) experienced notable fluctuations, peaking at Rs. 83.9 billion in January 2024 before declining to Rs. 58 billion by June 2024 (Jun'23: Rs. 8.1 billion). As per the offering document, the Fund is required to maintain a minimum exposure of 70% in government-backed or issued securities. While this criterion was met on an average basis, instances of non-compliance were noted in July'23, Sept'23, Oct'23, Nov'23, and Jun'24. Furthermore, lapses were noted in adherence to prescribed cash allocation threshold of 10%-30% in certain months. On average, the Fund's portfolio comprised ~72% exposure to GoP-guaranteed securities and ~22% allocated to cash deposits.

Credit Quality:

The Fund's credit quality is considered strong. On average, less than 1% of investments were in the A+ category, which is the prescribed threshold defined in the offering document. The credit quality of the portfolio remained concentrated in AAA-rated investments and government securities. Cash balances were predominantly maintained with AAA-rated banks. The "Not Rated" portion represents receivables against the conversion of units.

Market and Liquidity Risk:

The weighted average time to maturity (WAM) is capped at 4 years as outlined in the offering document, which the Fund complied with, reporting an average WAM of 1.84 years.

The liquidity profile is considered sound, with liquid assets comprising ~94% of the investments. Retail investors constitute ~86% of the Fund's portfolio, reflecting a significant presence of retail participation. Meanwhile, concentration risk remains low, as the top ten investors account for ~15% of the AUM as at June 2024.

Fund Performance:

During the period under review, the Fund's YTD returns clocked in at 21.89%, outperforming the peer average and positioning it in the first quartile among its peers.

Financial Snapshot

	FY23	FY24
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	1,030.9	9,741.6
Profit Before Tax	954.9	9,187.1
Profit After Tax	954.9	9,187.1
RATIO ANALYSIS		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	Meezan Sovereign 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	6-Feb-25	AA(f)	Reaffirmed
Fund Stability	27-Dec-23	AA(f)	Reaffirmed
Fund Stability	3-Jan-23	AA(f)	Reaffirmed
Fund Stability	13-Jan-22	AA(f)	Reaffirmed
Fund Stability	6-Jan-21	AA(f)	Upgrade
Fund Stability	31-Dec-19	AA-(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.		
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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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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Note: VIS' mutual fund rating is not a recommendation to buy, sell, or hold any fund, in as much as it does not comment as to suitability for a particular investor.