

Meezan Sovereign Fund (MSF)

Managed By: Al-Meezan Investment Management Limited

Fund Stability Rating

Latest Rating

AA(f)

16-Dec-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	A.F. Ferguson & Company	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	1.00%	
Back-end Load	Nil	
Benchmark	90% 6M PKISRV rate + 10% 6M average of highest savings rates of three AA-rated Islamic Banks or Islamic windows	
MQR Rating	AM1 (VIS)	
Mgt. Fee	Up to 1.5% p.a. of average daily net assets of the Scheme	

Investment Objective

The objective of the scheme is to seek maximum possible preservation of capital and a reasonable rate of return.

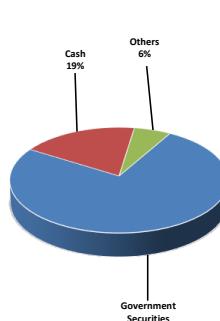
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Shariah compliant fixed income Government Securities (including Sukuk) 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

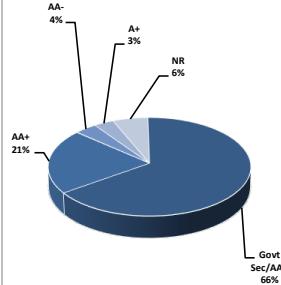
Net Assets

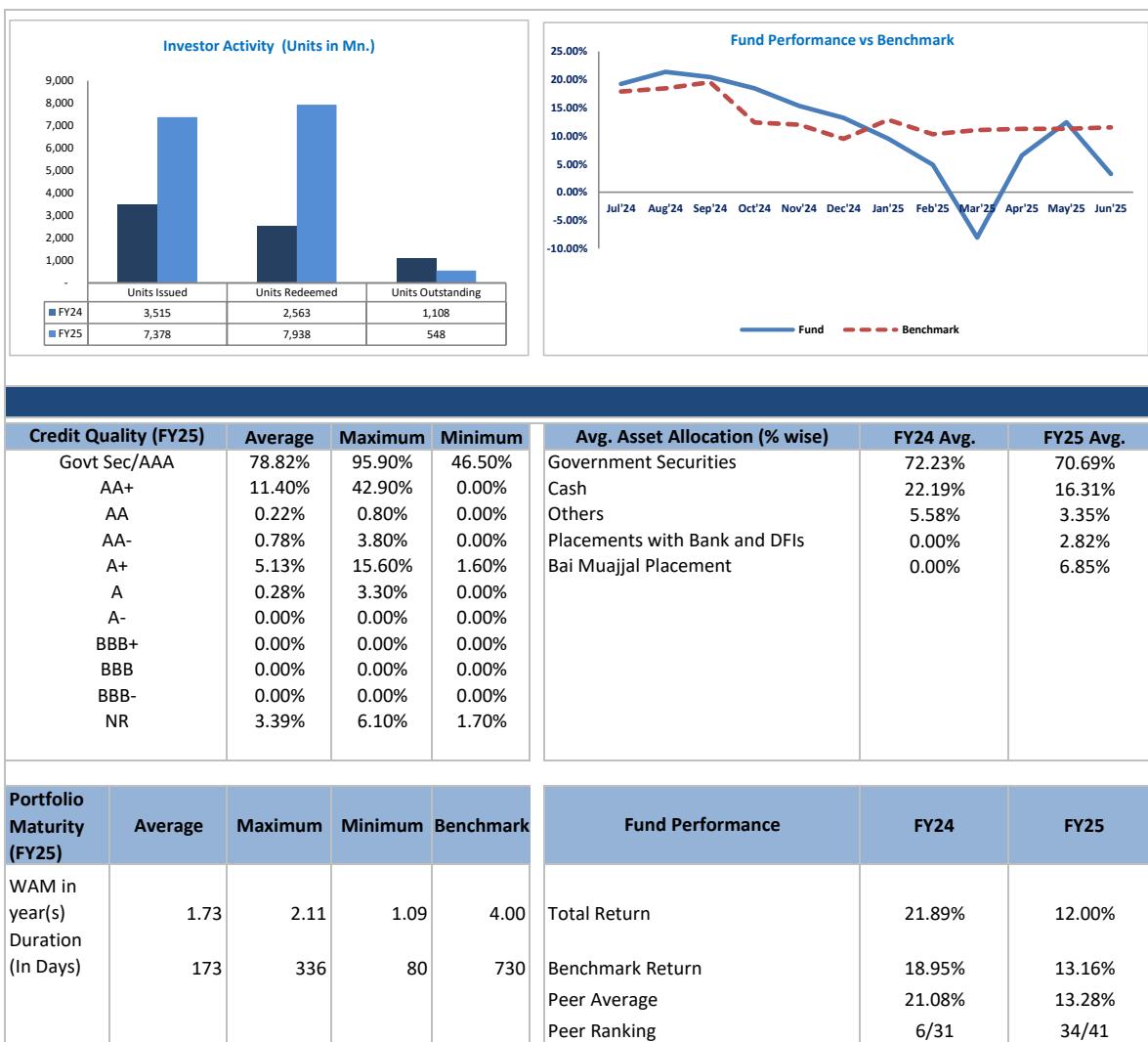
	Jun'23	Jun'24	Jun'25
Net Assets (In PKR ¹ Millions)	8,133	57,965	28,663

Asset Allocation - Jun'25



Credit Quality - Jun'25





Fund Stability Analysis		
The Meezan Sovereign Fund has been assigned a rating of AA(f) for fund stability. This rating indicates a high degree of stability in Net Asset Value; Risk is modest but may vary slightly from time to time because of changing economic conditions.		
Asset Allocation: During FY25, the Fund's Assets Under Management (AUMs) exhibited significant volatility, peaking at PKR 269.3 bn by end-Dec'24 (Dec'23: PKR 76.0 bn) before declining to PKR 28.7 bn (Jun'24: PKR 58.0 bn) as of Jun'25. In accordance with the offering document, the Fund is required to maintain a minimum of 70% exposure in government-backed securities, which it complied with on an average basis. On average, during FY25, the Fund's portfolio comprised ~70.7% (FY24: 72.2%) exposure in GoP-guaranteed securities and 16.3% (FY24: 22.2%) in cash deposits, while placements with banks, DFIs, and Bai Muajjal collectively accounted for an average of around 9.7% (FY24: Nil).		
Credit Quality: The Fund's portfolio remained predominantly invested in AAA rated securities, while an allocation of 5.1% (FY24: 0.8%) was parked in A-rated instruments. A breach of the credit quality threshold was observed in one instance, which has been noted. The "Not Rated" portion pertains to receivables arising from the conversion of units. Going forward, maintaining credit quality within the parameters defined for the assigned rating will remain important.		
Market and Liquidity Risk: Considering the Fund's moderate risk profile, the weighted average duration of its portfolio is stipulated to remain within two years, a limit the Fund adhered to, reporting an average modified duration of 0.47 years during FY25.		
In FY25, the Fund's liquidity profile remained sound, with liquid assets comprising ~89.8% of total investments (FY24: 94.4%). Retail investors represented around 84.4% of the Fund's total AUMs (Jun'24: 86.0%) by end-Jun'25, indicating strong retail participation. Concentration risk remained low, as the top ten investors accounted for about 8.2% of total AUMs (Jun'24: 15.0%) as of Jun'25.		
Fund Performance: During the period under review, the Fund generated an annualized return of 12.00%, underperforming both its benchmark return of 13.16% and the peer average of 13.28%. Within its peer group, the Fund placed in the fourth quartile, ranking 34th out of 41.		
Following the change in the Fund's benchmark in Jan'25, the Fund trailed its benchmark on a month-on-month (MoM) basis from that point onward.		

Financial Snapshot		
BALANCE SHEET	FY24	FY25
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY24	FY25
Total Income	9,741.6	22,278.6
Profit Before Tax	9,187.1	19,783.5
Profit After Tax	9,187.1	19,783.5
RATIO ANALYSIS	FY24	FY25
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	16-Dec-25	AA(f)	Reaffirmed
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
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.		
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Rating Methodology	https://docs.vis.com.pk/Methodologies-2025/FSR-Methodology-Jan-2025.pdf		
Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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