

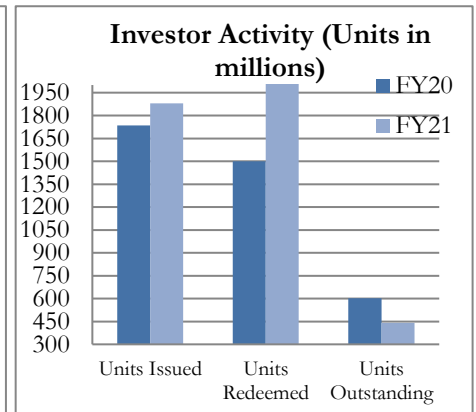
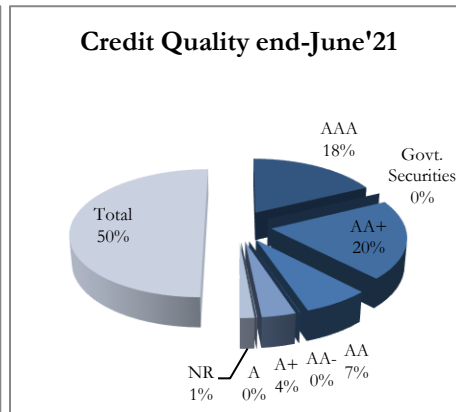
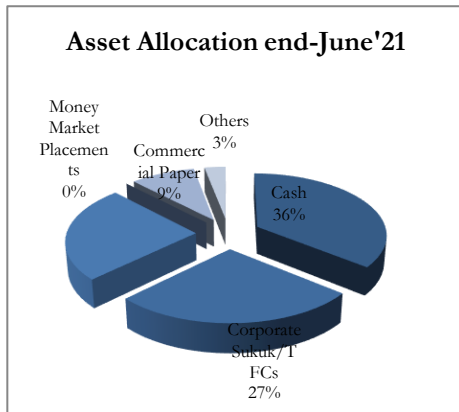
Date: January 18, 2022

Analysts: Syed Fahim Haider Shah

**Investment Objective**

To provide investors with an opportunity to earn higher income over the medium to long term by investing in a diversified portfolio comprising Shariah compliant money market and debt instruments.

ABL Islamic Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A+ (f)	A+ (f)
	Jan 18, '22	Dec 31, '20
AMC	ABL Asset Management Company Limited (ABL AMC)	
External Auditors – Fund	Deloitte - Yousuf Adil. - Chartered Accountants	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	Up to 1%	
Back-end Load	Nil	
Management Fee	2% gross subject to minimum 0.25% up to 0.75% of NA p.a.	
Benchmark	Average deposit rate of 3 A Rated Islamic banks	



ABL Islamic Income Fund (ABL-IIF) was launched in 2010 as an open-end Shariah compliant investment scheme. The fund aims to provide its investors with an opportunity to earn higher income through investments in a diversified pool of debt consisting of Shariah compliant instruments.

In order to minimize credit risk and preserve a stable asset mix, exposure limits and minimum rating criteria of the investment avenues have been specified in the Investment Policy Statement (IPS).

Net assets of the fund stood at Rs. 4.4b (FY20: Rs. 6.1b) at end-FY21.

**Offering document (extract)**

Description	Entity Rating	Instrument Rating	Min- Max Limits
Shariah Compliant Government Securities;	N/A	N/A	0%-75%
Cash in Bank Accounts	A	N/A	25%-100%
Sukuks issued by Government and corporate Entities	A+	A+	0%-75%
Term Deposit Receipts	A	A	0 -75% (A – Mat. <6 months), 0 - 15% (A – Mat. >6 months)

**Asset Allocation:**
**Table 2: Asset Class Distribution:**

Asset Allocation	Average June'20	Average June'21	June'21
Cash	54%	41%	36%
Commercial Paper	6%	4%	9%
Corporate Sukuk	34%	35%	27%
Bai Muajjal/COM Placements	0%	14%	25%
Money Market Placements	0%	0.3%	0%
Others including receivables	6%	6%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In order to cater to its mandate, the fund maintains low exposure to risk. Consequently, pre-defined limits have been stated in order to limit deployment in different asset classes.

The fund's average cash exposure was recorded at 41% (FY20: 54%) during FY21. Short-term corporate sukuk constituted 35% (FY20: 34%) of total assets, followed by bai muajjal/COM placements 14% (FY20: 0%). Remaining chunk of investment portfolio was concentrated in commercial paper and others.

**Credit Quality:**
**Table 3: Credit quality summary FY21**

Credit Quality	Average	Maximum	Minimum
AAA	27%	53%	7%
AA+	23%	40%	9%
AA	15%	19%	10%
AA-	7%	37%	0%
A+	9%	18%	5%
A	15%	41%	0%
Others	6%	20%	2%

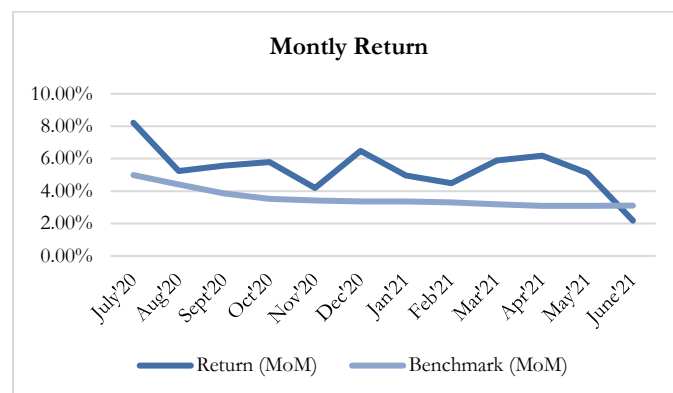
On average, exposure to 'AAA' rated counterparties was recorded at around 27%, followed by 23% in 'AA+', and 15% in 'AA' during FY21. There have been no breaches; the fund complied with VIS's criteria and the specified limits stated in the IPS. The fund preserved 90% of its resources in AA or above rated avenues at end-June'21.

**Market Risk:**

The weighted average time to Maturity (WAM) of the fund shall be no longer than 4 years whereas the modified duration of the fund shall be 180 days. Average WAM was recorded at 517 days with maximum and minimum WAM reported at 939 days and 312 days at end-sept'20 and end-May'21, respectively. Average modified duration of the fund was reported at 78 days during FY21, with maximum duration of 569 days at end-Jul'20 and minimum duration of 28 days at end-Apr'21.

**Liquidity Profile:**

Total number of investors in the fund decreased slightly to 2,402 (FY20: 2,473) by end-FY21. Retail investors held 39% (FY20: 49%) while unrelated corporates held 54% (FY20: 44%) of the fund's total asset base during FY21.

**Fund Performance:**

**Table 5: Fund Performance:**

Performance	FY20	FY21
<b>Total Return</b>	11.28%	5.75%
<b>Peer Ranking</b>	9/21	15/21
<b>Benchmark Return</b>	6.35%	3.57%
<b>Peer Average</b>	10.75%	6.02%

Performance of the fund is benchmarked against average 6-month deposit rate of three A rated Islamic banks. During FY21, the fund posted an annualized return of 5.75% (FY20: 11.28%) surpassing its benchmark return of 3.57%. Relative to its peers, the ranking of the fund ranking stood at 15 out of a total of 21 funds in the category.

**Rating History**

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	18/01/2022	A+ (f)	Reaffirmed
Fund Stability	12/31/2021	A+ (f)	Upgraded
Fund Stability	01/20/2020	A (f)	Reaffirmed
Fund Stability	01/16/2019	A (f)	Reaffirmed
Fund Stability	01/16/2018	A (f)	Reaffirmed
Fund Stability	12/30/2016	A (f)	Reaffirmed
Fund Stability	12/31/2015	A (f)	Reaffirmed
Fund Stability	10/16/2014	A (f)	Downgraded
Fund Stability	1/10/2013	A+ (f)	Reaffirmed
Fund Stability	1/10/2012	A+ (f)	Reaffirmed

<b>BALANCE SHEET</b>	<b>FY20</b>	<b>FY21</b>
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<b><u>INCOME STATEMENT</u></b>		
Total Income	683	462
Profit Before Tax	596	361
Profit After Tax	596	361
<b><u>RATIO ANALYSIS</u></b>		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A