

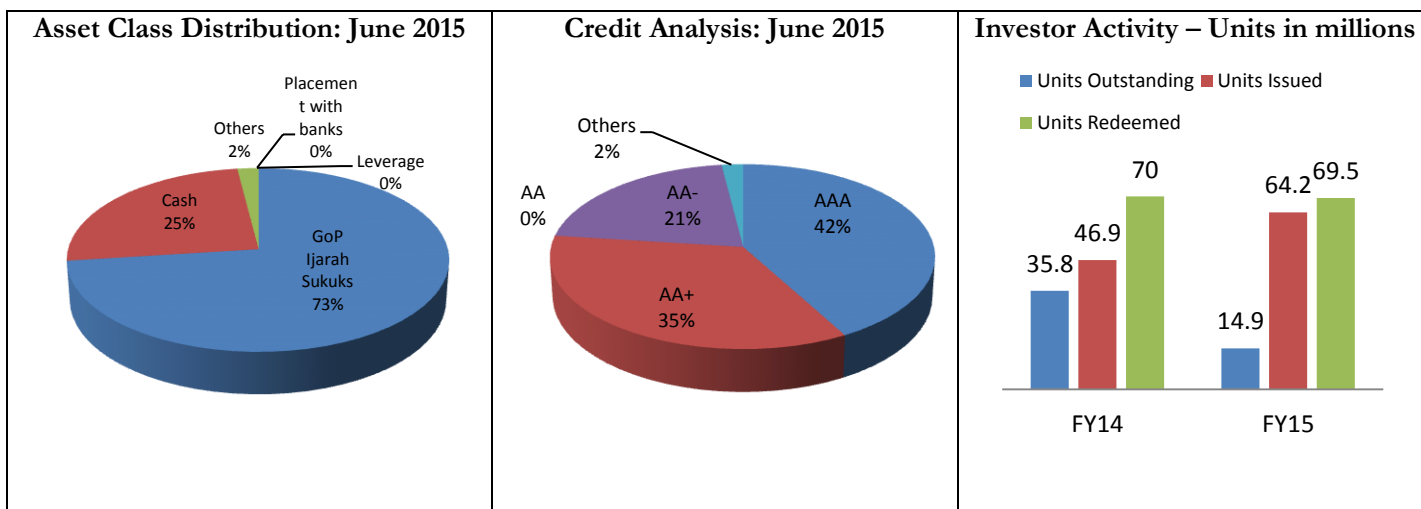
Date: January 19, 2016

Analysts: Talha Iqbal
Narendar Shankar Lal

Investment Objective

The fund aims to provide a competitive return with minimum risk, by investing primarily in Shariah Compliant Government Securities.

Al-Ameen Islamic Sovereign Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA-(f) <i>Jan 6, '16</i>	AA-(f) <i>Aug 12, '14</i>
Asset Management Company	UBL Fund Managers Limited	
External Auditors - Fund	KPMG Taseer Hadi & Co.	
Fund Manager	Mr. Wahaj Aslam	
Trustee	Central Depository Company Ltd.	
Front-end Load	1%	
Back-end Load	Nil	
Management Fee	1% per annum	
Benchmark	Average of 6-month placement rate of 3 Islamic banks	



Al-Ameen Islamic Sovereign Fund (AISF) was launched in November 2010 by the name of UBL Islamic Sovereign Fund. It was later renamed in line with rebranding of all Shariah compliant funds, being managed by UBL Fund Managers Limited (UBL FM).

Size of the fund exhibited variation during FY15. Net assets of the fund decreased to Rs. 1.6b at end-February 2015, followed by an increase to Rs. 1.75b at end-April 2015. Subsequently, a decreasing trend ensued which resulted in net assets being lower at Rs. 1.5b at end-June 2015. The fund size stood at Rs. 1.2b at end-November 2015.

As per the offering document, AISF has to maintain a minimum of 70%¹ exposure in Shariah compliant government securities. Similarly, the portfolio must also maintain minimum exposure of 25%² in highly liquid instruments, such as cash, bank deposits and GoP Ijarah Sukuk, with a maturity of less than 90 days. As per Investment Policy Statement (IPS), placements/deposits with banks/DFIs are allowed, with a cap of 20% imposed on exposures possessing maturity of greater than 6 months, while a maximum limit of 10% is applicable in case of instruments maturing after 6 months. In line with its mandate to minimize risk, all the counterparties are subject to a minimum rating of 'AA-'.²

¹ To be calculated on the bases of quarterly average of daily exposures
² To be calculated on the bases of monthly average

JCR-VIS Credit Rating Company Limited

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

Actual asset allocation of the fund was in line with the stipulated limits established in the IPS at end-FY15. Asset allocation depicted similar pattern to the outgoing year at end-October 2015, with majority of the assets deployed in GoP Ijarah Sukuk. Cash and cash equivalents allocation was slightly above the maximum threshold of 30%.

Credit risk emanating from the portfolio is considered manageable; given that majority of the assets are deployed in sovereign instruments and highly rated avenues.

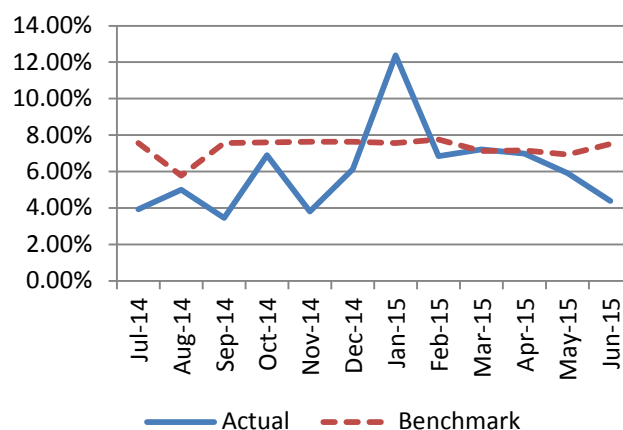
Table 1: Actual Asset Allocation

	End-June 2015	Average FY1
GoP Ijarah Sukuk	41%	70%
Placements with Banks	7%	1%
Cash	50%	27%
Others	2%	3%

Weighted Average Maturity (WAM) of the fund is capped at 4 years, with the exception of government securities. Actual WAM of the fund remained in compliance with the established limit during FY15. Maximum WAM of 0.46 years was reported at end-November'2014.

Performance of the fund is benchmarked against average 6 month deposits rates of 3 Islamic banks. Actual returns of the fund depicted considerable variability on monthly basis during FY15. The fund underperformed relative to its benchmark during FY15. In terms of monthly performance, the fund was able to outperform the benchmark only in January'2015 and March'2015.

Figure 1: Fund Performance (Actual vs Benchmark)



Investor concentration in the fund has declined on a timeline basis. Top-10 investors constituted 30% (FY14: 43%) of the outstanding units at end-FY15 [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>				
06-Jan-16	AA- (f)			Reaffirmed
12-Aug-14	AA- (f)			Reaffirmed
16-Apr-13	AA- (f)			Reaffirmed
29-Mar-12	AA- (f)			Harmonised
20-May-11	AA- (f)			Initial

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 2016 JCR-VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to JCR-VIS.