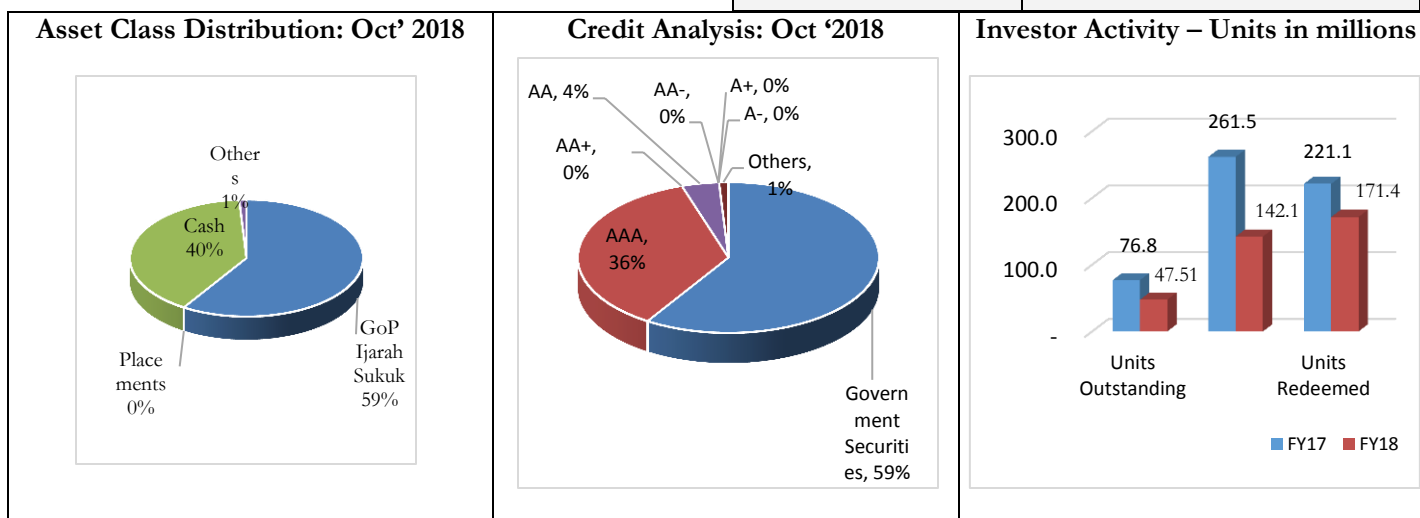


Date: January 21, 2019

Analysts: Mohammad Ibad Desmukh  
Muhammad Hamza Amir

AISF is an open-end Shariah Compliant Income Fund which aims to generate 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) Dec 31, '18	AA-(f) Dec 29, '17
Asset Management Company	UBL Fund Managers Limited	
External Auditors - Fund	KPMG Taseer Hadi& Co.	
Fund Manager	Mr. Shabbir Sardar Zaidi, CFA	
Trustee	Central Depository Company Ltd.	
Front-end Load	1%	
Back-end Load	Nil	
Management Fee	1% per annum	
Benchmark	Average of 6M PKISRV rates	



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).

Over FY18, significant oscillations were noticed with AUMs touching down to Rs. 4.9b vis-à-vis Rs. 7.7b. The fund size stood at Rs. 8.5b at end-October 2018.

As per the offering document, AISF has to maintain a minimum of 70% exposure in Shariah compliant government securities. Similarly, the portfolio must also maintain minimum exposure of 10-30% in cash in bank accounts (excluding TDR) calculated on the basis of average for each calendar month. Remaining exposure can be taken in deposits in licensed Islamic Banks and Islamic

windows of conventional banks, placements of funds under, Musharaka, Modaraba, Murabaha, Ijarah and Istisna arrangements with banks and DFIs. In line with its mandate to minimize risk, all the counterparties are subject to a minimum rating of 'AA-'.

Actual asset allocation of the fund was largely in line with the stipulated limits established in the IPS. Credit risk emanating from the portfolio is considered manageable; given that majority of the assets are deployed in sovereign instruments and highly rated avenues.

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## JCR-VIS Credit Rating Company Limited

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

Table 1: Limits

	Exposure Limit	Minimum Rating
<b>Shariah Compliant Government Securities</b>	Minimum 70%	N/A
Cash in Bank (Excluding TDRs)	10%-30%	AA-
<b>Deposits in Islamic Banks and placement of funds under Musharika, Modarba, Murabaha, Ijara and Istisna</b>	0-30%	AA-
Deposits in Islamic Banks and placement of funds under Musharika, Modarba, Murabaha, Ijara and Istisna exceeding maturity of 6 months	0%-15%	AA-

Investor concentration in the fund has slightly increased with top 20 investors representing 18% (FY17: 20%) of the outstanding units at end-FY18. Given the liquidity profile of assets, ability to meet redemptions is considered sound JCR-VIS

Table 2: Actual Asset Allocation

	End-June 2018	Average FY18
GoP Ijarah Sukuk	82.2%	73.8%
Placements with Banks	-	5.8%
Cash	17%	20.3%
Others	1%	1.4%

Barring two months, duration of the fund remained within JCR-VIS' internal rating criteria. Going forward, maintaining duration within benchmarks for the assigned ratings is considered important.

Performance of the fund is benchmarked against average of 6M PKISRV rates. The fund underperformed relative to its benchmark during FY18.

The duration of the fund has been 0.48(FY17: 1.004) years during FY18.

## 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
<b><u>RATING TYPE: Fund Stability</u></b>				
31-Dec-18	AA- (f)			Reaffirmed
29-Dec-17	AA- (f)			Reaffirmed
30-Dec-16	AA- (f)			Reaffirmed
06-Jan-16	AA- (f)			Reaffirmed
12-Aug-14	AA- (f)			Reaffirmed
16-Apr-13	AA- (f)			Reaffirmed
29-Mar-12	AA- (f)			Harmonized
20-May-11	AA- (f)			Initial