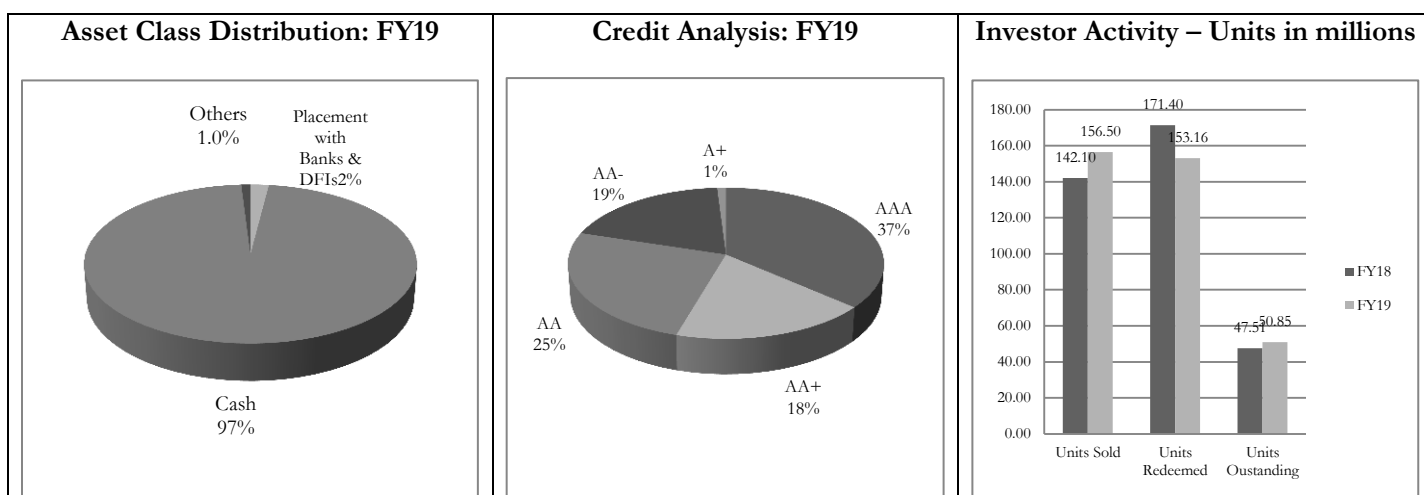


Date: January 02, 2020

<b>Analysts:</b>	Talha Iqbal Hikmatyar Gul
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Al-Ameen Islamic Sovereign Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>AA-(f)</b> <i>Dec 31, '19</i>	<b>AA-(f)</b> <i>Dec 31, '18</i>
Asset Management Company	UBL Fund Managers Limited	
External Auditors - Fund	KPMG Taseer Hadi& Co.	
Fund Manager	Mr. Syed Suleman Akhtar, 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	

**Investment Objective**  
 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 (AISF) was launched in 2010 as an Islamic open-ended fund. The fund aims to provide competitive returns with low risk through Shariah compliant avenues.

During FY19, significant fluctuations were witnessed with AUMs, reaching at highest point Rs. 8.6b. However, fund size decreased to Rs. 5.1b (FY18: Rs.5.2b) during FY19. The fund size declined further and stood at Rs. 4.2b at end-November'2019.

As per the offering document, AISF has to maintain a minimum of 70% exposure in Shariah compliant government securities. In case, shariah compliant government securities are not available, the remaining net assets of the fund, after reducing cash and near cash limit up to 30%, may be deposited in Islamic banks or Islamic

window of conventional banks, having rating not less than AA. 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'a arrangements with banks and DFIs. In line with its mandate to minimize risk, all the counterparties are subject to a minimum rating of 'AA-'.

Table 1: Limits Table 1: Limits

	Exposure Limit	Minimum Rating
Shariah Compliant Government Securities	70-100%	N/A
Cash in Bank Accounts (excluding TDR) with Islamic Banks or Islamic windows of Conventional Banks plus Cash & Near Cash instruments which include short term shariah compliant Government securities having maturity not exceeding 90 days.	10%-30%	AA-
Cash in Bank Accounts (excluding TDR) with Islamic Banks or Islamic windows of Conventional Banks plus Cash & Near Cash instruments which include short term shariah compliant Government securities having maturity not exceeding 90 days. (Provided that, in case, shariah compliant government securities are not available, the remaining net assets of the Fund, after reducing cash and near cash	0-30%	AA-
Any other Shariah compliant non-traded security with maturity exceeding 6 months, including but not limited to (i) deposits in Islamic Banks and Islamic banking windows of conventional Banks; (ii) Placement of funds under, Musharaka, Mudarabah,	0%-15%	AA-

Murabaha, Ijarah and Istisna'a arrangements with banks and DFIs		
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Given the fund exposure in AA+ rated and above instruments, credit risk is considered low. In line with revision in the 5<sup>th</sup> supplementary offering document whereby the fund can take exposure in bank deposits (with AA- rated Banks) in case of non-availability of shariah compliant sovereign instruments, the fund has complied with its investment strategy and hence no breach was witnessed during FY19.

Asset Allocation	Jun'18	Jun'19
GoP Ijarah Sukuk	82%	0%
Placements with Banks	0%	2%
Cash	17%	97.0%
Other	1.0%	1.0%

Performance of the fund is benchmarked against average of 6M PKISRV rates. Despite of underperformance at various instances, the fund managed to outperform by 10.9% relative to its benchmark of 7.9% at end-FY19. The fund maintained its performance by 10.7% against benchmark of 7.8% at end-November'19.

The Weighted Average Maturity (WAM) duration of the fund has been recorded 0.01 (FY18: 0.48) years during FY19. Given the liquidity profile of assets, ability to meet redemptions is considered sound.

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b>RATING TYPE: Fund Stability</b>				
31-Dec-19	AA- (f)			Reaffirmed
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

<b>FINANCIAL SUMMARY</b>		<i>(amounts in PKR millions)</i>	
<b><u>BALANCE SHEET</u></b>		<b>FY18</b>	<b>FY19</b>
Paid Up Capital		NA	NA
Total Equity		NA	NA
<b><u>INCOME STATEMENT</u></b>			
Total income		210	586
Profit Before Tax		140	472
Profit After Tax		140	472
<b><u>RATIO ANALYSIS</u></b>			
Net Cash Generated from Operating Activities		(1768)	4546
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA