

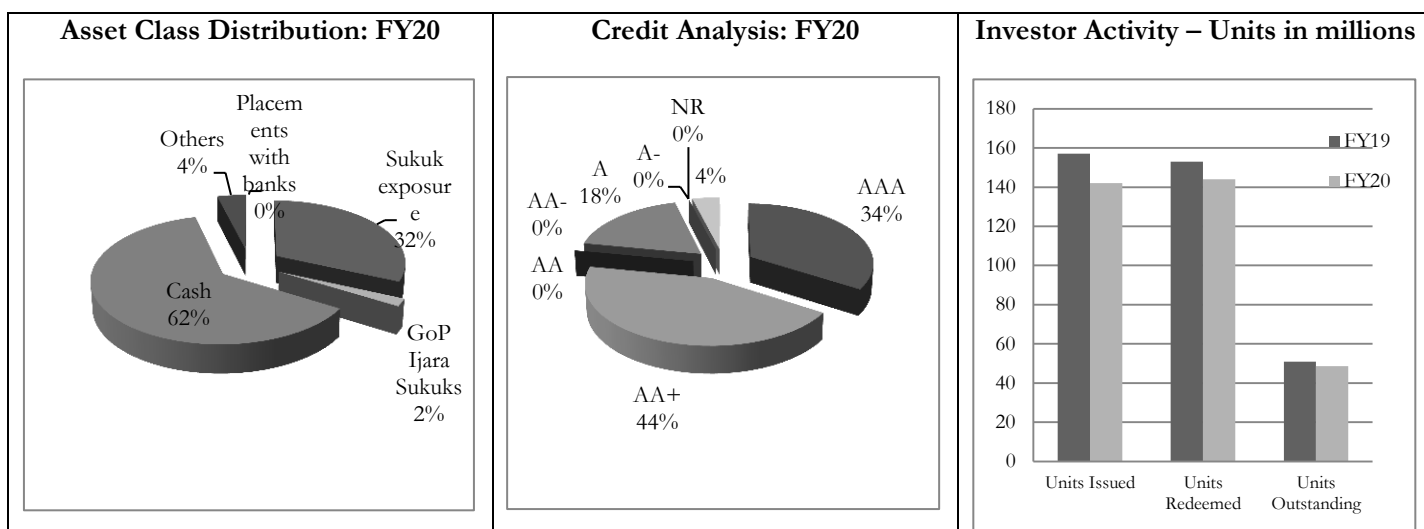
Date: January 8, 2021

Analysts:	Arsal Ayub Batoool Zaidi
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Al-Ameen Islamic Sovereign Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) 1 Jan, 2021	AA-(f) Dec 31, '19
Asset Management Company	UBL Fund Managers Limited	
External Auditors - Fund	KPMG Taseer Hadi& Co.	
Fund Manager	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	

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. In line with its mandate to minimize risk, all the counterparties are subject to a minimum rating of ‘AA-’

During FY20, the fund size declined closing at 4.9b end-June’20 (FY19: 5.13b)

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, Murabaha, Ijarah and Istisna'a arrangements with banks and DFIs	0%-15%	AA-

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.

Asset Allocation:

Table 2: Actual Asset Allocation

Asset Allocation	Jun'19	Jun'20	Average
Corporate Sukuk	0%	32%	6%
GoP Ijarah Sukuk	0%	2%	1%
Placements with Banks	2%	0%	0%
Cash	97%	63%	91%
Other	1%	4%	0%

In case, Shariah compliant government securities are not available, the remaining net assets of the fund may be allocated in cash and near cash instruments from AA-rated banks. During FY20, the fund's asset allocation plan remained primarily concentrated in its cash balances accounting for 63% of the total portfolio, at end-June'20 the fund also took 32% exposure in corporate Sukuk. On an average basis the fund parked 91% of its AUMs in its cash balances during FY20. Given its exposure in AAA rated issue/issuer there were no breaches witnessed during the period under review.

Credit Quality:

Table 3: Credit Analysis

	Average	Max	Min
Government Securities	5%	34%	0%
AAA	50%	76%	6%
AA+	8%	33%	0%
AA	11%	24%	0%
AA-	25%	76%	9%
A	0%	1%	0%
NR	1%	4%	0%

Market Risk:

Weighted average time to maturity of the net assets shall not exceed 4 years and this condition shall not apply to securities issued by federal government. End-June'20, WAM of the fund was recorded at maximum of 3.3 years, there were no breaches witnessed during the year and WAM of the fund remained compliant for the assigned ratings.

Fund Performance:

Performance of the fund is benchmarked against average of 6M PKISRV rates. At end-June'20, the fund posted an annualized return of 9.90% (FY19: 6.82%) outperforming its benchmark of 7.88%. Relative to its peers,

the fund ranked 19th out of a total of 21 funds in the category.

Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
1-Jan-21	AA (f)			Upgrade
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

FINANCIAL SUMMARY		<i>(amounts in PKR millions)</i>	
<u>BALANCE SHEET</u>		FY19	FY20
Paid Up Capital		NA	NA
Total Equity		NA	NA
<u>INCOME STATEMENT</u>			
Total income		586	565
Profit Before Tax		472	476
Profit After Tax		472	476
<u>RATIO ANALYSIS</u>			
Net Cash Generated from Operating Activities		4,546	(1,304)
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA