

**Al-Ameen Islamic Sovereign Fund (AISF)**

Managed By: UBL Fund Managers Limited

**Fund Stability Rating**

Latest Rating

AA(f)

29-Dec-23

**What is Fund Stability Rating**

Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors an impartial gauge of the primary areas of risk that income funds may face, including credit risk, liquidity risk, and interest rate risk.

**Fund Information**

<b>Auditor</b>	A. F. Ferguson & Co., Chartered Accountants
<b>Trustee</b>	Central Depository Company of Pakistan Limited
<b>Front-end Load</b>	Upto 1.0%
<b>Back-end Load</b>	Nil
<b>Benchmark</b>	Average of 6M PKISRV Rate
<b>MQR Rating</b>	AM1 (VIS)
<b>Mgt. Fee</b>	Up to 2.5% of daily net assets not to exceed max. TER regulatory limit

**Fund Overview**

Al-Ameen Islamic Sovereign Fund (the Fund) is an open-end Income fund constituted under a Trust Deed entered into on Nov 07, 2010, between UBL Fund Managers limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

**Investment Objective**

The objective of the scheme is to generate a competitive return with minimum risk, by investing primarily in Shariah Compliant Government Securities

**Offering Document (Extract)**

Description	Minimum rating	Min- Max Limits
Shariah Compliant Government Securities	NA	70%-100%
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 theFund, after reducing cash and near cash limit upto 30%, may be deposited in Islamic banks or Islamic window of conventional banks, having rating not less than AA.	AA-	10% -30%
Any other Shariah compliant non-traded security with maturity of up to 6 months including but not limited to (i) deposits in IslamicBanks and Islamic banking windows of conventional Banks; (ii) Placement of fund under, Musharaka, Mudarabah, Murabaha, Ijarah and Istisna Arrangements with banks and DFIs.	AA-	0%-30%
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) Placementof funds under, Musharaka, Mudarabah, Murabaha,Ijarah and Istisna arrangements with banks and DFIs	AA-	0%-15%

**Net Assets**

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	2,673	2,939	2,073

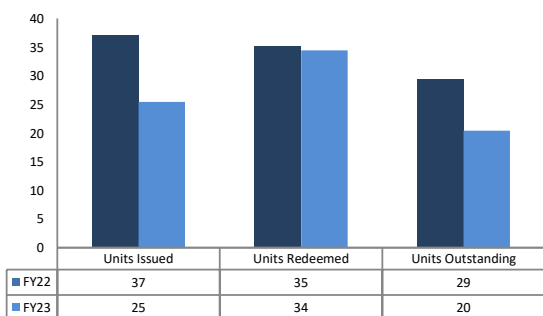
**Asset Allocation - Jun'23**

Category	Percentage
TFC/Sukuk	37%
GoP Ijara Sukuk	29%
Cash	29%
Others	5%

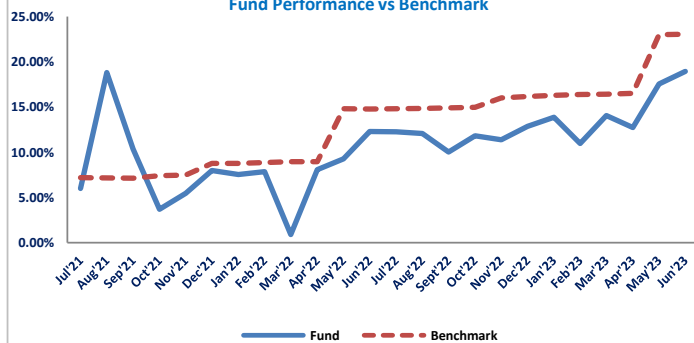
**Credit Quality - Jun'23**

Category	Percentage
Government Securities	66%
NR	5%
AA-	22%
AA	0.6%
AA+	0.1%
AAA	7%

**Investor Activity (Units in Mn.)**



**Fund Performance vs Benchmark**



Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
Government Securities	81.20%	86.71%	66.00%	Cash	21.02%	14.55%
AAA	5.08%	11.17%	0.31%	GoP Ijara Sukuk	23.20%	33.10%
AA+	0.12%	0.14%	0.08%	TFC/Sukuk	52.74%	48.09%
AA	4.61%	11.08%	0.28%	Placement with banks	0.58%	0.00%
AA-	4.74%	21.79%	0.02%	Others	2.48%	4.26%
A+	0.00%	0.00%	0.00%			
A	0.00%	0.00%	0.00%			
A-	0.00%	0.00%	0.00%			
BBB+	0.00%	0.00%	0.00%			
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR*	4.26%	6.32%	2.81%			

\*Non-rated includes receivables/accruals from securities having a credit rating of not less than AA-

Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in year(s)	4.59	5.43	3.90	Total Return	8.10%	14.06%
Duration (In Days)	86	120	37	Benchmark Return	9.19%	16.95%
				Peer Average	8.91%	15.75%
				Peer Ranking	20/21	22/23

**Fund Stability Analysis**

The Al-Ameen Islamic Sovereign Fund has been assigned a rating of AA(f). This rating indicates a high degree of stability in the Net Asset Value (NAV) of the fund. The risk associated with the fund is modest, but it may vary slightly due to changing economic conditions.

**Asset Allocation:**

The fund Asset Under Management (AUMs) has plummeted to Rs. 2.1b as of June'23 (June'22: Rs. 2.9b). The fund's asset allocation has remained within the parameters identified in the offering document. On monthly basis, the fund's investments are mainly engrossed in TFCs/Sukuks (48.1%), GoP Ijara Sukuk (33.1%), and Cash (14.6%).

**Credit Quality:**

The credit risk criteria of the fund fall within the guidelines stipulated in our methodology. The fund's portfolio consists primarily of Government Securities, which make up 81.2% of the portfolio in terms of average credit quality. The credit quality of the portfolio meets the requirements for the assigned rating.

**Market Risk and Liquidity Risk:**

As per the Offering Document, the Weighted Average Maturity (WAM) should not exceed 4 years, with the exception of Government Securities. In FY23, the average modified duration was reported at 86 days.

The liquidity profile is strong with substantial portion of assets in cash or government securities, ensuring easy liquidity generation. As of June'23, AISF's retail portion has risen to 84% from 66% in June'22, leading to an improvement in the proportion of the top 10 investors from 39% as of June '22 to 25% as of June'23..

**Fund Performance:**

The fund has underperformed relative to its benchmark and peer average and falls into fourth quartile relative to peers.

Financial Snapshot			
<b>BALANCE SHEET</b>		<b>FY22</b>	<b>FY23</b>
Paid Up Capital		N/A	N/A
Total Equity		N/A	N/A
<b>INCOME STATEMENT</b>		<b>FY22</b>	<b>FY23</b>
Total Income		244.0	335.7
Profit Before Tax		223.2	296.0
Profit After Tax		223.2	296.0
<b>RATIO ANALYSIS</b>		<b>FY22</b>	<b>FY23</b>
Current Ratio (x)		N/A	N/A
Gearing (x)		N/A	N/A
FFO		N/A	N/A
Regulatory Disclosures			
<b>Name of Rated Fund</b>	Al-Ameen Islamic Sovereign Fund	<b>Sector</b>	Mutual Funds
<b>Type of Relationship</b>	Solicited	<b>Purpose of Rating</b>	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	29-Dec-23	AA(f)	Reaffirmed
Fund Stability	29-Dec-22	AA(f)	Reaffirmed
Fund Stability	13-Jan-22	AA(f)	Reaffirmed
Fund Stability	6-Jan-21	AA(f)	Upgrade
Fund Stability	31-Dec-19	AA-(f)	Reaffirmed
<b>Statement by the Rating Team</b>	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 herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.		
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