

Al-Ameen Islamic Sovereign Fund (AISF)

Managed By: UBL Fund Managers Limited

Fund Stability Rating

Latest Rating

AA(f)

9-Jan-25

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

Launch Date	November 07, 2010
Fund Type	Open End
Category	Shariah Compliant Income Fund
Risk Profile	Medium risk of principal erosion
Auditor	A. F. Ferguson & Co., Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Upto 1.0%
Back-end Load	Nil
Benchmark	Average of 6M PKISRV Rate
MQR Rating	AM1 (VIS)
Mgt. Fee	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

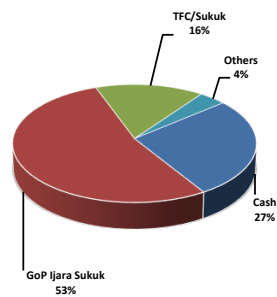
Offering Document (Extract)

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 the Fund, 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 Islamic Banks 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) Placement of funds under, Musharaka, Mudarabah, Murabaha, Ijarah and Istisna arrangements with banks and DFIs	AA-	0%-15%

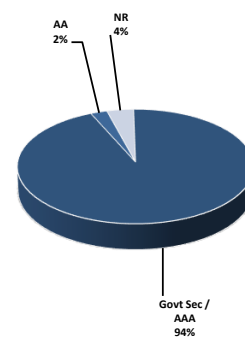
Net Assets

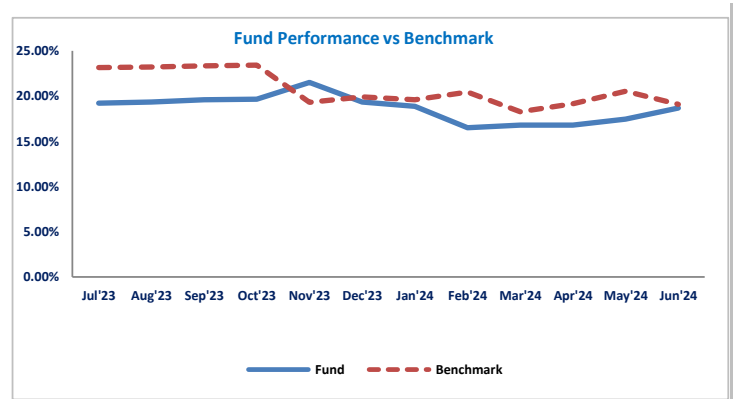
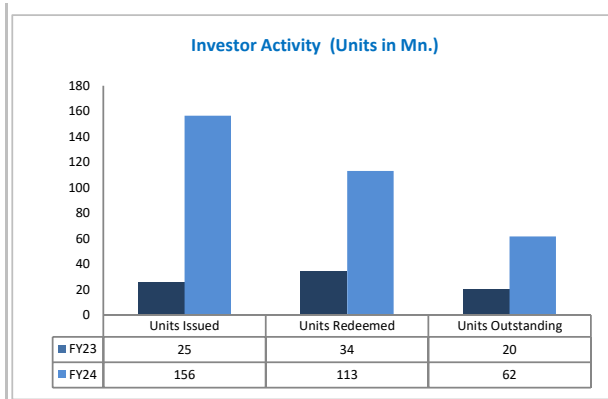
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	2,939	2,073	6,267

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg.
Govt Sec / AAA	85.30%	95.06%	77.51%	Cash	14.55%	19.27%
AA+	0.02%	0.10%	0.00%	GoP Ijara Sukuk	33.10%	47.92%
AA	8.60%	18.14%	0.18%	TFC/Sukuk	48.09%	27.92%
AA-	1.23%	9.11%	0.00%	Placement with banks	0.00%	0.00%
A+	0.00%	0.00%	0.00%	Others	4.26%	4.87%
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*	4.85%	7.07%	3.10%			

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

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	2.62	3.81	1.66	4.00	Total Return	14.06%	20.33%
Duration (In Days)	133	197	40	1460	Benchmark Return	16.95%	20.58%
					Peer Average	15.75%	21.08%
					Peer Ranking	22 out of 23	24 out of 31

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:

During FY24, the Fund's Assets Under Management (AUM) grew significantly by ~191%, reaching Rs. 6.3b as at Jun'24 (Jun'23: Rs. 2.2b). During this period, the Fund's asset allocation adhered to the guidelines outlined in the offering document. On average, the Fund's investments were predominantly allocated to GoP Ijara, which accounted for ~48% of the portfolio, while Pakistan Energy Sukuk and Cash constituted ~28% and ~19%, respectively.

Credit Quality:

During FY24, the Fund's credit exposures were aligned with the stipulations of the offering document, maintaining investments in assets rated AA- and above. On average, the portfolio was primarily concentrated in Govt Sec./AAA-rated assets, comprising ~85% of the investments, with the remainder allocated to AA rated securities and a minimal exposure to AA- rated securities. Cash balances of the Fund were largely in AAA rated banks. In line with assigned ratings, maintenance of credit quality above AA benchmark remains important.

Market Risk and Liquidity Risk:

The weighted average time to maturity (WAM) remained within the defined benchmark outlined in the offering document, capped at 4 years.

The liquidity profile of the Fund is considered sound, with liquid assets constituting ~95% of its total assets. As at Jun'24, the Fund's clientele was predominantly composed of retail investors, representing ~84% of the AUM, while corporate investors accounted for the remaining portion of the AUM. Additionally, the top ten investors accounted for ~14% of the investments, indicative of a low concentration risk.

Fund Performance:

During FY24, the Fund yielded an annualized return of 20.33%, underperforming its benchmark as well as peer average, placing the Fund in the fourth quartile.

Financial Snapshot

	FY23	FY24
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	335.7	769.3
Profit Before Tax	296.0	706.3
Profit After Tax	296.0	706.3
RATIO ANALYSIS		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	Al-Ameen Islamic Sovereign Fund	Sector	Mutual Funds
Type of Relationship	Solicited	Purpose of Rating	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	9-Jan-25	AA(f)	Reaffirmed
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
Statement by the Rating Team	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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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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