

Date: August 18, 2014

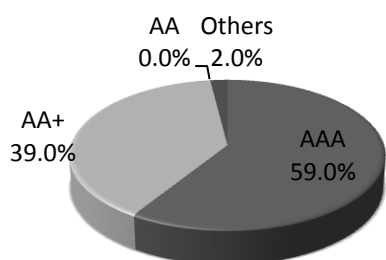
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Investment Objective

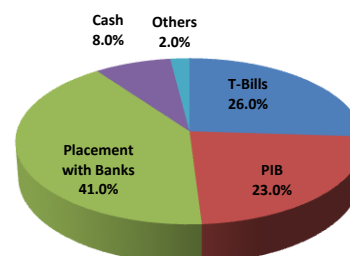
To generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing more than 50% of the portfolio in short term government securities

UBL Money Market Fund (Formerly UBL Savings Income Fund)		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) Aug 18, 2014	AA-(f) Apr 18, '13
Asset Management Company	UBL Fund Managers Limited	
External Auditors - Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co.	
Fund Manager	Mr. Jawad Naeem	
Trustee	Central Depository Company Ltd.	
Front-end Load	1%	
Management Fee	10% of all gross earnings (with min. fee of 1% p.a. & max. fee of 1.25% p.a.)	
Benchmark	75% 3M PKRV + 25% 3M TDR (with AA or better banks)	

Asset Class Distribution: June'14



Credit Analysis: June'14



Initially launched as UBL Savings Income Fund (USIF) in April, 2010, USIF was converted to UBL Money Market Fund (UMMF) in May, 2014. The fund is being managed by UBL Fund Managers Limited (UBL FM) which has a management quality rating of ‘AM-2’ signifying ‘High’ management quality.

The conversion has transformed the fund from a ‘moderate risk’ fund to a ‘low risk’ fund. Accordingly, investment policy for the fund has been re-drafted. As per the fund’s revised Offering Document (OD), UMMF is required to ensure that at least half of the fund’s assets are invested in government securities, based on quarterly average investment. In line with the low risk appetite, asset quality requirements have been strengthened with minimum counterparty rating

requirement now set at ‘AA’; the same is higher at ‘AAA’ where counterparties are NBFCs.

The fund is basically designed to be invested in government securities, reverse repo against the same, and placements with financial institutions under various modes. The fund may also take exposure in commercial papers, though such investment is limited to 10% of net assets. Allowable asset classes include foreign securities, though permission from the State Bank of Pakistan would be required prior to initiating foreign investments.

Since the conversion, actual asset allocation has remained in line with the revised OD; the fund has maintained about half of its assets in sovereign instruments whilst the rest is maintained in bank deposits. As per the fund manager report for June

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2014, PIB holdings in the fund comprised 23% of assets and T-Bill holdings comprised 26%. Net assets of the fund stood at Rs. 1.6b at end June 2014.

The fund's weighted average maturity (WAM) is capped at 90 days, whilst investment in any asset that has time to maturity in excess of 6 months is not allowed. At end June 2014, the fund's WAM was reported at 71 days. Given the restrictions on asset allocation, the fund's sensitivity to interest rate changes is expected to remain low.

Performance benchmark has been changed in line with the change in risk characteristics of the fund. The current benchmark is a 75:25 mix of 3 month PKRV rates and 3 month TDR rates (of AA and above rated banks) respectively. Performance track record as a money market fund will be established over time. As a fund with low exposure to credit and market risk, the fund is likely to depict stability in returns.

Unit holder concentration in the fund is on the higher side with top-10 investors holding half of the fund's units; this includes investment by an insurance company comprising 28% of the units and investment by UBL to the tune of 7% of units outstanding. At the same time, proportion of retail investment is also notable. Given the fund's asset mix, ability to meet redemptions in a timely manner is considered strong JCR-VIS

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

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
18-Aug-14	AA(f)			Upgrade
18-Apr-13	AA- (f)			Reaffirmed
29-Mar-12	AA- (f)			Harmonised
20-May-11	AA- (f)			Initial