

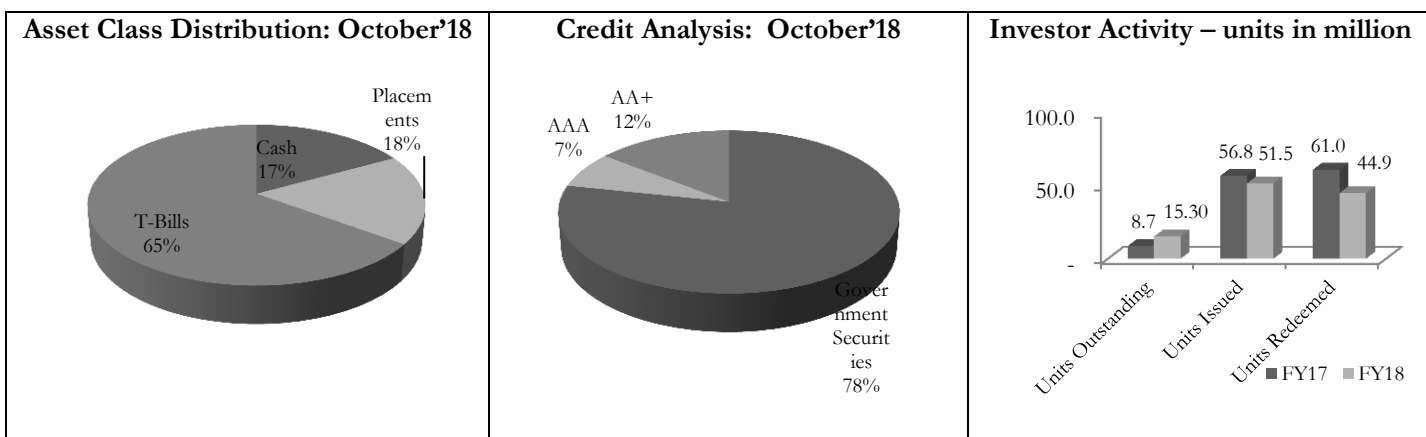
Date: January 21, 2019

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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 a major chunk 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(£) | AA(£) |
| | Dec 31, 2018 | Dec 29, 2017 |
| Asset Management Company | UBL Fund Managers Limited | |
| External Auditors - Fund | KPMG – Taseer Hadi & Co. | |
| Fund Manager | Mr. Syed Sheeraz Ali | |
| Trustee | Central Depository Company Ltd. | |
| Front-end Load | 1% | |
| Management Fee | 7.5% of gross earnings (with min fee of 0.25% p.a & max fee of 1% p.a) | |
| Benchmark | 70% Average of 3M PKRV rates + 30% 3M average deposit rate of 3 AA rated banks as selected by MUFAP. | |



Launched in 2010, UBL Money Market Fund (UMMF) is an open-end money market fund managed by UBL Fund Managers Limited (UBL FM). UBL FM has a high management quality rating of ‘AM-1’.

During FY18, net assets of the fund witnessed steady increase to Rs. 1.6b (FY17: Rs. 876m). The upward momentum continued as net assets stood at Rs. 2.5b at end-October 18.

In 2018, there have been slight amendments in the Investment Policy Statement (IPS) of UMMF. According to JCR’s rating criteria for AA rated funds, minimum 25% exposure is required in AAA rated securities. As per revised IPS, there is no minimum required level for AAA rated exposure.

Table 1: Asset Class Composition as per IPS

| Asset Class | Minimum Rating | Exposure Limit |
|---|----------------|----------------|
| Lending (under LOP etc.) to scheduled banks / DFIs | AA | 0 - 50% |
| Deposits with Banks (current and PLS accounts) | AA | 20 – 100% |
| Deposits with Islamic Banks (current and PLS accounts) | AA | 0-20% |
| TDRs and Clean Placement | AA | 0-70% |
| Reverse Repo against Government Securities or such other allowable securities, in accordance with the Regulations | AA | 0 - 70% |
| Government Securities | N/A | 0-100% |
| Cash at Bank (excluding TDR) and T-Bills not exceeding 90 days maturity. | AA | 20 - 100% |
| Any Investment authorized by SECP excluding restricted investments | AA | 0-30% |
| Placements and COIs with DFIs | AA | 0-70% |
| Certificate of Deposits (CODs), Certificate of Investment (COIs), Certificate of Musharaka with NBFCS, | AAA | 0-20% |

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|---|----|---------|
| and Modaraba | | |
| Certificate of Deposits (CODs), Certificate of Investment (COIs), Certificate of Musharaka with Microfinance Banks | AA | 0 - 20% |
| Commercial Paper | AA | 0 - 30% |
| Foreign Investments | AA | 0-30% |

Top-10 investors constituted 97.7% (FY17: 63.1%) of the fund's units. Ability to meet redemptions is considered sound ^[JCR-VIS]

Actual asset allocation has largely remained in line with the revised IPS. Cash and bank balances and T-Bill holdings have been the primary investment avenues of the fund during FY18 with nominal placements. At end-June 18, AAA rated exposure represented 89% (FY17: 75%) of the net assets which met the 25% requirement set by JCR-VIS for the assigned rating.

On monthly average basis, the fund has maintained about half of its assets in sovereign instruments whilst the rest is maintained in bank deposits.

Table 2: Actual Asset Allocation

| | End-June FY18 | Average FY18 |
|---------------------------|---------------|--------------|
| Cash | 92% | 66% |
| Placement with banks/DFIs | 8% | 14% |
| PIBs | 0% | 0% |
| T-Bills | 0% | 57% |
| Others | 0% | 2% |

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. Maximum WAM during FY18 was reported at 65 days in April 2018. Given restrictions on WAM, the fund's sensitivity to interest rate changes is expected to remain low.

The fund's return has been benchmarked against 70:30 mix of 3 months PKRV rates and 3 months TDR rates (of AA rated scheduled banks as selected by MUFAP) respectively. The fund posted a return of 5.12% (FY17: 5.41%) vis-à-vis benchmark return of 5.26% (FY17: 5.31%) during FY18. Peer ranking of the fund stood at 15 out of total 21 funds (FY17: 20/21) depicting an improvement from last year.

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| Rating Date | Medium to Long Term | Outlook | Short Term | Rating Action |
|---|---------------------|---------|------------|---------------|
| <u>RATING TYPE: Fund Stability</u> | | | | |
| 31-Dec-18 | AA(f) | | | Reaffirmed |
| 29-Dec-17 | AA(f) | | | Reaffirmed |
| 29-Dec-16 | AA(f) | | | Reaffirmed |
| 06-Jan-16 | AA(f) | | | Reaffirmed |
| 18-Aug-14 | AA(f) | | | Upgrade |
| 18-Apr-13 | AA- (f) | | | Reaffirmed |
| 29-Mar-12 | AA- (f) | | | Harmonised |
| 20-May-11 | AA- (f) | | | Initial |