

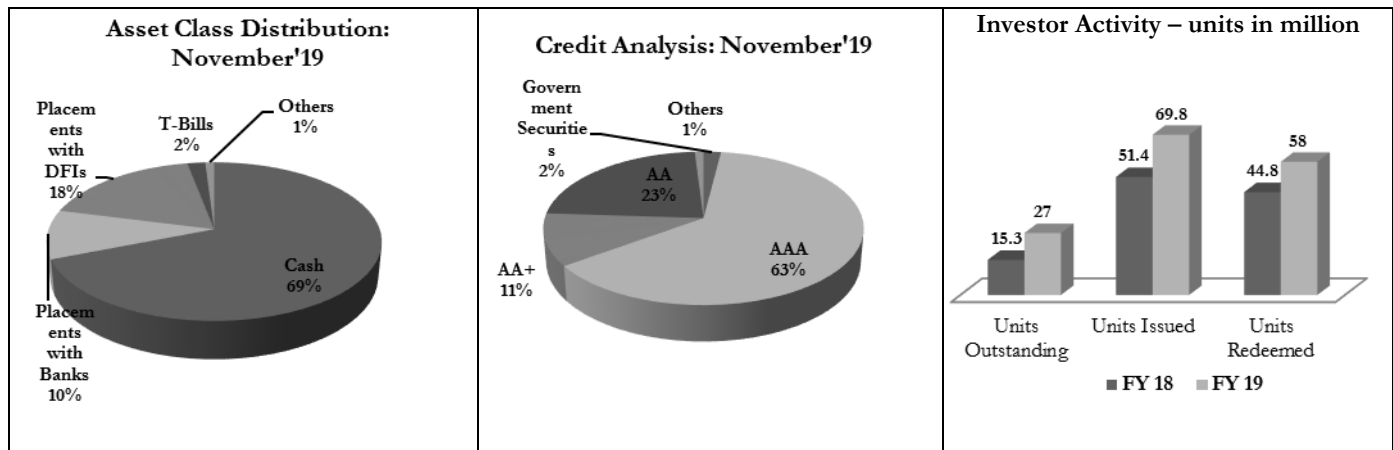
Date: January 02, 2020

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Investment Objective

To generate competitive returns maintaining a low risk portfolio to provide a regular stream of income and easy liquidity to its investors through major investments in short term government securities

UBL Money Market Fund (Formerly UBL Savings Income Fund)		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f)	AA(f)
	Dec 31, 2019	Dec 31, 2018
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	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.	



UBL Money Market Fund (UMMF) was launched in 2010 is an open-end money market fund managed by UBL fund Managers Limited (UBL FM) and has obtained a high management rating of ‘AM-1’ from VIS.

During FY19, fund size significantly increased to 2.7b (FY18 1.6b). Subsequently in line with rising interest rate and accordingly fund returns, at end-Nov’19 net assets of the fund increased to 4.0b.

Table 1: Asset Class Composition as per IPS

	Maximum exposure (% of net assets)	Minimum exposure (% of net assets)	Minimum Rating
Instruments	100%	20%	GoP/AA and above
Cash in bank accounts (excluding TDRs) and readily convertible T-bills	100%	0%	GoP
Government securities (PIBs, T-Bills, Ijarah Sukuks etc.)	100%	0%	AA
Deposits in Current, Savings and PLS accounts in commercial banks	100%	0%	AA
Deposits in Current, Savings and PLS accounts in scheduled banks	100%	0%	AA
TDRs and Clean Placements with commercial banks	70%	0%	AA
TDRs and Clean Placements with scheduled banks	70%	0%	AA
Deposits (Current/Saving/PLS accounts, term deposits), CoDs, COIs, COMs with Microfinance banks	20%	0%	AA
CoDs, COIs, COMs with NBFCs and Modarabas	20%	0%	AAA
Placement and Certificate of Investment (COI) with DFIs	70%	0%	AA
Reverse Repo against Government Securities or such other allowable securities, in accordance with regulations	70%	0%	GoP/AA and above
Foreign investments (in authorized money market instruments and other money market funds) subject to prior approval from SECP	Up to 30% subject to a cap of \$15,000,000 or such limit or cap imposed by SECP or SBP	0%	AA rated by a reputed international rating agency
Commercial papers	30%	0%	AA

As per rating benchmarks, the fund is required to maintain at-least 25% of exposure in AAA rated assets and exposure to AA- rated assets is capped at 15%. At end-FY19, net asset exposure represented 32% for AAA rated instruments (FY18: 89%) and 62% for AA+ rated instruments. During period under review, actual asset allocation of the fund largely complied with its IPS and VIS criteria.

Table 2: Actual Asset Allocation

	End-June FY19	End-June FY18
Cash	87%	92%
Placement with banks/DFIs	12%	8%
PIBs	0%	0%
T-Bills	0%	0%
Others	1%	0%

During FY19, on an average basis the fund's net asset remained concentrated in cash balances and T-bill holdings. At end-June'19, 87% of the asset allocation was concentrated in cash balances (FY18: 92%) and 12% in placements (FY18: 8%) respectively. However, during the period, the fund occasionally undertook exposure in T-Bills.

The fund's modified duration is capped at 90 days with investments in any asset having maturity not exceeding 6 months. Maximum duration was reported at 70 days in Feb'19, complying with the criteria, sensitivity of the fund is expected to remain low to changes in interest rates. Given restrictions on duration, the fund's exposure to market risk 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. During FY19 the fund generated a return of 8.54% (FY18: 5.12%) compared to benchmark return of 8.72% (FY18: 5.26%). Although returns improved, the fund was unable to outperform the benchmark.

At end-Nov'19 the fund generated a return of 11.26% against the benchmark of 12.72%. During the year, the fund's relative ranking was maintained and stood at 15 out of a total of 20 funds whereas in the preceding year it was ranked at 15/21. Rankings worsened at end-Nov'19 to 18/20. Given the fund's asset mix comprising government securities and cash, ability to meet redemptions is considered strong.

Table 3: Fund Performance

	Nov'19	FY19	FY18
Return	11.3%	8.5%	5.1%
Benchmark	12.7%	8.7%	5.3%
Relative Ranking	18/20	15/20	15/21

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
RATING TYPE: Fund Stability				
31-Dec-19	AA(f)			Reaffirmed
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)			Harmonized
20-May-11	AA- (f)			Initial

FINANCIAL SUMMARY		<i>(amounts in PKR millions)</i>	
<u>BALANCE SHEET</u>		FY18	FY19
Paid Up Capital		NA	NA
Total Equity		NA	NA
<u>INCOME STATEMENT</u>			
Total income		71	184
Profit Before Tax		57	158
Profit After Tax		57	158
<u>RATIO ANALYSIS</u>			
Net Cash Generated from Operating Activities		57	(39)
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA