

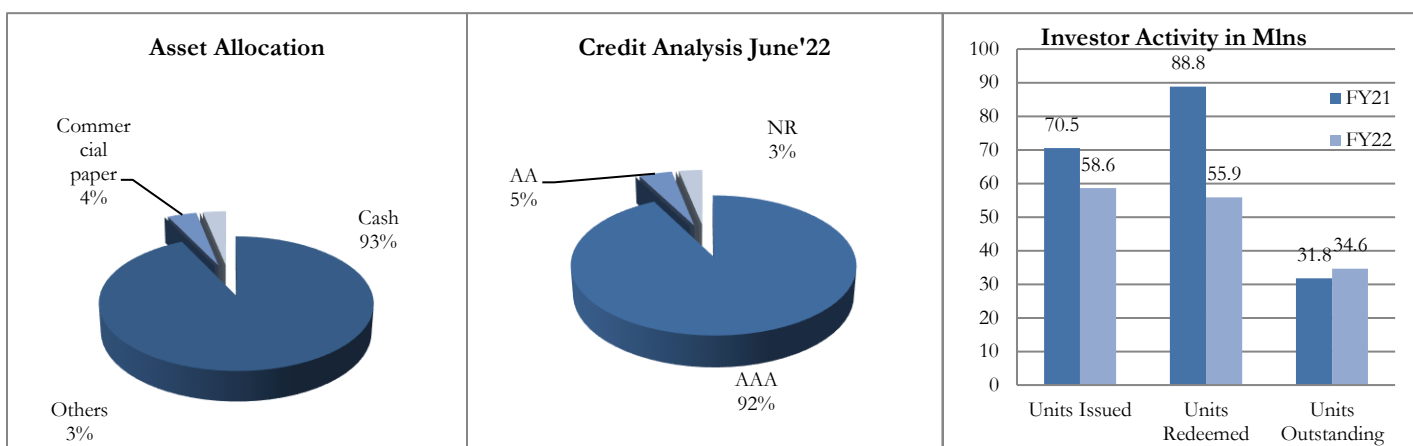
Date: December 30, 2022

Analysts: Asfia Aziz  
Sundus Qureshi

### Investment Objective

To provide competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major size of the portfolio in short term government securities.

UBL Money Market Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA+(f)	AA+(f)
	Dec 30, 2022	Jan 13, 2022
AMC	UBL Fund Managers Limited	
External Auditors – Fund	A.F. Ferguson Chartered Accountants	
Trustee	Central Depository Company Ltd.	
Front-end Load	Upto 1%	
Back-end Load	Nil	
Management Fee	5% of gross earnings (with min. fee of 0.15% p.a.)	
Benchmark	70% three months PKRV rates + 30% 3 months average deposit rate of 3 AA rated scheduled banks as selected by MUFAP	



UBL Money Market Fund (UMMF) is an open ended money market fund managed by UBL Funds Managers Limited. The funds objective is to provide a regular stream of income and easy liquidity to its investors through deploying assets in short-term money market instruments and government securities.

Investment Committee (IC) comprises key personnel from top management along with representatives from investment, research and risk management department

At end-FY22, fund size increased slightly to Rs. 3.5b (FY21: Rs. 3.1b). With higher interest rates in the ongoing year and greater investor participation for interest rate securities, the size of the portfolio grew to Rs. 5.3b at end-Oct'22.

### Offering document (extract)

Description	Minimum rating	Min- Max Limits
Cash in bank accounts (excluding TDRs) and readily convertible T-Bills	GOP/AA and above	20%-100%
Government Securities (PIB, T Bills, Ijara Sukuk)	GOP	0%-100%
Deposits in Current, Savings and PLS accounts in scheduled banks and commercial banks	AA	0%-100%
Term Deposits (TDRs) and Clean Placements with commercial and scheduled banks	AA	0%-70%
Deposits (Current/Saving/PLS Accounts, term deposits), Certificate of Deposits (CODs), Certificate of Investments (COIs), Certificate of Musharaka with Microfinance Banks	AA	0%-20%
Certificate of Deposits (CODs), Certificate of Investments (COIs), Certificate of Musharaka with NBFCs and Modarabas	AAA	0%-20%
Placement and Certificate of Investment (COI) with DFIs	AA	0%-70%
Reverse repo against Government Securities or such other allowable securities, in accordance with regulations	GOP/AA and above	0%-70%
Foreign investments (in authorized money market instruments and other money market funds) subject to prior approval of SECP	AA rated by a reputed international agency	Upto 30% subject to a cap of \$15,000,000
Commercial Papers	AA (entity rating)	0%-20%
Any other investment as authorized by the commission from time to time	AA	0%-30%

## Asset Allocation:

Table 2: Asset Class Distribution:

Asset Allocation	Average June'21	Average June'22	June'22
Cash	35%	48%	93%
Placement with banks	6%	6%	0%
T-bills	57%	43%	0%
Commercial Paper	0%	1%	4%
Others	2%	2%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

During FY22, the fund's asset allocation was majorly in compliance with the standards specified in the offering document. The fund's major holding in FY22 remained vested in T-Bills and Cash with all investments were held in liquid cash or in bank placements.

## Credit Quality:

Table 3: Credit Quality

Credit Quality	Average	Maximum	Minimum
AAA	85.4%	98.2%	57.3%
AA+	2.1%	16.1%	0.0%
AA	10.8%	41.8%	0.1%
NR	1.7%	6.1%	0.4%

In order to cater to its mandate, the fund is required to invest in instruments that have a minimum credit quality rating of 'AA' or higher. The fund complied with the requirements of the offering document during FY22. Barring the month of Feb'22, where exposure of 'AA' category assets was above the limit of 25% at 42% of net assets, credit quality indicators met the criteria of the assigned rating. During the year, on an average, 85.4% of the fund's investment portfolio was held in AAA rated issue/issuer, maintaining its credit quality.

## Market Risk:

Weighted average maturity is capped at 90 days as per the OD. Average WAM for FY22 was reported at 30 days well under the specified limit for the assigned ratings, depicting low market risk. Maximum average modified duration stood at 80 days in Jan'22.

## Liquidity Profile:

Liquidity profile of the fund remained sound with 100% investments in liquid assets in FY22. Retail AUMs comprise a sizeable 95% of the AUM at end-June'22 with top 10 investor concentration at 36%. Given the fund's asset mix comprising liquid assets, ability to meet redemptions is considered strong.

## Fund Performance:

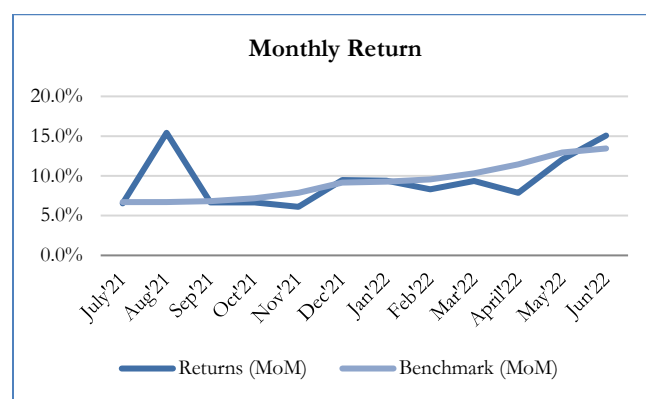


Table 5: Fund Performance:

Performance	FY21	FY22
<b>Total Return</b>	6.32%	9.39%
<b>Benchmark Return</b>	6.71%	9.28%
<b>Peer Average</b>	6.71%	10.61%
<b>Peer Ranking</b>	20/21	21/21

Benchmark of the fund is determined by a mix of (70%) three months PKRV rates and (30%) of three months average deposit rate of three 'AA' rated scheduled banks. During FY22, the fund generated a return of 9.39% (FY21: 6.32%) over performing its benchmark of 9.28%. However, the fund's return was below the peer average of 10.61%. Hence, the fund's relative ranking vis-à-vis peers was reported in the fourth quartile. Improvement in performance metrics will be important for ratings, going forward.

<b><u>BALANCE SHEET</u></b>	<b>FY21</b>	<b>FY22</b>
<b>Paid Up Capital</b>	N/A	N/A
<b>Total Equity</b>	N/A	N/A
<b><u>INCOME STATEMENT</u></b>		
<b>Total Income</b>	225	314
<b>Profit Before Tax</b>	190	285
<b>Profit After Tax</b>	190	285
<b><u>RATIO ANALYSIS</u></b>		
<b>Current Ratio (x)</b>	N/A	N/A
<b>Gearing (x)</b>	N/A	N/A

**VIS** Credit Rating Company Limited**RATING SCALE & DEFINITIONS: FUND STABILITY RATING SCALE****AAA(f)**

Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions

**AA+(f), AA(f), AA-(f)**

High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economics conditions

**A+(f), A(f), A-(f)**

Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy

**BBB+(f), BBB(f), BBB-(f)**

Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy

**BB+(f), BB(f), BB-(f)**

Low degree of stability in NAV. Risk factors are sensitive to changes in the economy

**B(f)**

Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy

The FSR scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings.

FSRs may be placed under 'Rating-Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate re-evaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating-Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating-Watch' may result in a rating change, while the rating continues to be placed under 'Rating-Watch'.

**REGULATORY DISCLOSURES**
**Appendix II**

<b>Name of Rated Entity</b>	UBL Money Market Fund		
<b>Sector</b>	Mutual Funds		
<b>Type of Relationship</b>	Solicited		
<b>Purpose of Rating</b>	Fund Stability Rating (FSR)		
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Rating Action</b>
	30-Dec-22	AA+(f)	Reaffirmed
	13-Jan-22	AA+(f)	Reaffirmed
	06-Jan-21	AA+(f)	Upgrade
	31-Dec-19	AA(f)	Reaffirmed
	31-Dec-18	AA(f)	Reaffirmed
	29-Dec-17	AA(f)	Reaffirmed
	29-Dec-16	AA(f)	Reaffirmed
	6-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	
<b>Instrument Structure</b>	N/A		
<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.		
<b>Probability of Default</b>	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.		
<b>Disclaimer</b>	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.		