

UBL Money Market Fund (UMMF)

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 | October 14, 2010 |
| Fund Type | Open End |
| Category | Money Market |
| Risk Profile | Low |
| Auditor | A.F. Ferguson & Company |
| Trustee | Central Depository Company of Pakistan Limited |
| Front-end Load | Upto 1% |
| Back-end Load | Nil |
| Benchmark | 70% Average of 3M PKRV rates + 30% 3M average deposit rate of three 3A rated scheduled Banks as selected by MUFAP |
| MQR Rating | AM1 |
| Mgt. Fee | Upto 2% of daily net assets not to exceed max. TER regulatory limit. |

Fund Overview

UBL Money Market Fund (the Fund) is an open-end money market fund constituted under a Trust Deed entered into on October 14, 2010, between UBL Fund Managers Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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.

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 Sukuks etc) | GoP | 0%-100% |
| Deposits in Current, Savings and PLS accounts in commercial banks | AA | 0%-100% |
| Deposits in Current, Savings and PLS accounts in scheduled banks | AA | 0%-100% |
| Term Deposits (TDRs) and Clean Placements with commercial banks | AA | 0%-70% |
| Term Deposits (TDRs) and Clean Placements with scheduled banks | AA | 0%-70% |
| Deposits (Current / Saving / PLS accounts, term deposits), Certificate of Deposits (CODs), Certificate of Investments (COIs), Certificate of Musharka with Microfinance Banks | AA | 0%-20% |
| Certificate of Deposits (CODs), Certificate of Investments (COIs), Certificate of Musharka with NBFs and Modarabas | AAA | 0%-20% |
| Placements and Certificate of Investment (COI) with DFIs | AA | 0%-70% |
| Reverse Repo against Government Securities or such other allowable securities, in accordance with the 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 Rating Agency | 0%-Up to 30% subject to a cap of \$15,000,000 or such limit or cap imposed by SECP or SBP |
| Commercial Papers | AA (entity rating) | 0%-20% |
| Any Other investment as authorized by the commission from time to time | AA | 0%-30% |

Net Assets

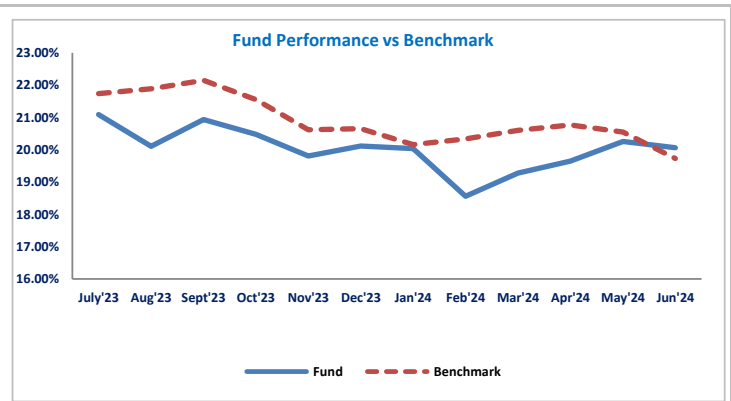
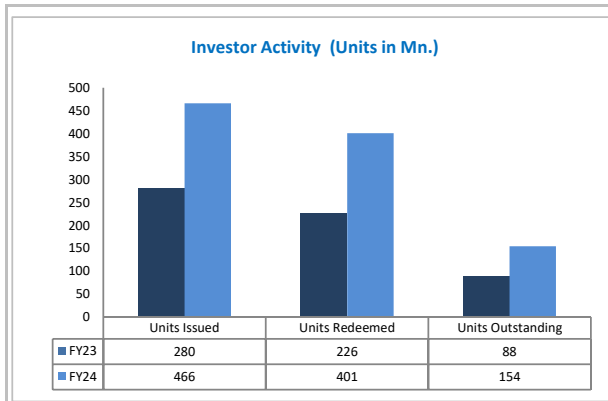
| | Jun'22 | Jun'23 | Jun'24 |
|-------------------------------|--------|--------|--------|
| Net Assets (In PKR' Millions) | 3,482 | 8,894 | 15,547 |

Asset Allocation - Jun'24

| Category | Percentage |
|----------|------------|
| Cash | 77% |
| T-Bills | 23% |
| Others | 1% |

Credit Quality - Jun'24

| Category | Percentage |
|--------------|------------|
| Govt Sec/AAA | 96% |
| AA+ | 0% |
| AA | 3% |
| NR | 1% |



| Credit Quality (FY'24) | Average | Maximum | Minimum | Avg. Asset Allocation (% wise) | FY'23 Avg | FY'24 Avg |
|------------------------|---------|---------|---------|--------------------------------|-----------|-----------|
| Govt Sec/AAA | 83.83% | 99.09% | 40.29% | Cash | 16.71% | 26.62% |
| AA+ | 10.10% | 38.37% | 0.00% | Placement with DFIs | 2.47% | 5.66% |
| AA | 1.68% | 10.15% | 0.00% | Commercial Papers | 1.97% | 0.00% |
| AA- | 0.00% | 0.00% | 0.00% | T-Bills | 56.57% | 50.98% |
| A+ | 0.00% | 0.00% | 0.00% | Reverse Repo | 2.01% | 0.00% |
| A | 0.00% | 0.00% | 0.00% | PIB-Floater | 13.74% | 12.52% |
| A- | 0.00% | 0.00% | 0.00% | GoP Ijarah Sukuk | 0.00% | 1.17% |
| BBB+ | 0.00% | 0.00% | 0.00% | Placement with Banks | 1.33% | 0.86% |
| BBB | 0.00% | 0.00% | 0.00% | Others | 5.20% | 2.19% |
| BBB- | 0.00% | 0.00% | 0.00% | | | |
| NR | 4.39% | 27.06% | 0.41% | | | |
| Total | 0.00% | 0.00% | 0.00% | | | |

* 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) | 0.12 | 0.21 | 0.01 | 0.25 | Total Return | 16.39% | 21.99% |
| Duration (In Days) | 43 | 78 | 5 | 90 | Benchmark Return | 17.01% | 20.90% |
| | | | | | Peer Average | 17.41% | 22.28% |
| | | | | | Peer Ranking | 24/24 | 24/27 |

Fund Stability Analysis

The UBL Money Market Fund has been assigned a rating of AA+(f) for fund stability. This rating indicates a high degree of stability in the net asset value of the fund, with modest risk that may vary slightly due to changing economic conditions.

Asset Allocation:

During FY24, Assets Under Management (AUM) of the Fund increased to Rs. 15.5b as at Jun'24 (Jun'23: Rs.8.9b). During the period, the Fund failed to maintain its minimum exposure of 20% in cash in the months of July'23, Aug'23, Oct'23, Nov'23, Feb'24, Apr'24 and May, while adhering to the minimum threshold on average basis. The remaining asset allocation was consistent with the parameters outlined in the offering document. On average, T-Bills constituted around half of the Fund's portfolio, followed by investments in cash (~27%) and PIB-Floaters (~13%).

Credit Quality:

Throughout FY24, the Fund complied with the minimum AA rating requirement specified in the offering document. The portfolio was predominantly allocated to government securities and AAA-rated assets, which comprised approximately 83% of the total holdings. Additionally, AA+ rated instruments accounted for around 10% of the portfolio, with only minimal exposure to AA rated securities. Cash is generally maintained in AAA/AA rated institutions. The 'Not Rated' exposures are receivables/profit accrued against investments.

Market and Liquidity Risk:

During FY24, the weighted average time to maturity (WAM) of the Fund remained below the maximum threshold 90 days as outlined in the offering document, with average WAM reported at 43 days.

Liquidity profile of the Fund is considered sound, with liquid assets comprising ~86% of the portfolio on average. As at Jun'24, the Fund's clientele is dominated by retail investors, representing ~84% of the Fund's AUM while corporate investors account for the remaining of the Fund's assets. Additionally, the client concentration risk is considered low, as top ten investors make up ~32% of the Fund's portfolio.

Fund Performance:

The Fund's YTD return as at June 30, 2024 clocked in at 21.99%. The fund consistently underperformed its benchmark return, only improving in June 2024. Performance relative to peers also remained below peer average, positioning 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 | 1,228.9 | 3,301.9 |
| Profit Before Tax | 1,111.1 | 3,067.7 |
| Profit After Tax | 1,111.1 | 3,067.7 |
| 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 | UBL Money Market 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 Rating | 9-Jan-25 | AA+(f) | Reaffirmed |
| Fund Stability Rating | 29-Dec-23 | AA+(f) | Reaffirmed |
| Fund Stability Rating | 30-Dec-22 | AA+(f) | Reaffirmed |
| Fund Stability Rating | 13-Jan-22 | AA+(f) | Reaffirmed |
| Fund Stability Rating | 6-Jan-21 | AA+(f) | Upgrade |
| Fund Stability Rating | 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. | | |
| Probability of Default | 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. | | |
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| Rating Methodology | https://docs.vis.com.pk/docs/FundstabilityRating.pdf | | |
| Rating Scale | https://docs.vis.com.pk/docs/VISRatingScales.pdf | | |

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