

**Faysal Islamic Savings Growth Fund (FISGF)****Managed By: Faysal Asset Management Limited****Fund Stability Rating****Latest Rating****A+(f)****15-Dec-23****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****Fund Overview**

<b>Auditor</b>	A. F. Ferguson & Co., Chartered Accountants
<b>Trustee</b>	Central Depository Company of Pakistan Limited
<b>Front-end Load</b>	Up to 2% of NAV
<b>Back-end Load</b>	Nil
<b>Benchmark</b>	Six months average deposit rates of three A rated scheduled Islamic Banks or Islamic windows of conventional Banks
<b>MQR Rating</b>	AM2++ (VIS)
<b>Mgt. Fee</b>	Upto 1.5% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1.00%)

Faysal Islamic Savings Growth Fund (the Fund) is an open-ended income fund constituted under a Trust Deed entered into on July 14, 2010, between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

**Investment Objective**

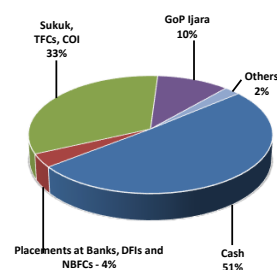
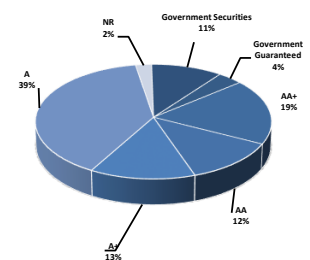
The objective of the scheme is to provide maximum possible preservation of capital and a reasonable rate of return via investing in Shariah Compliant money market and debt securities having good credit quality rating and liquidity.

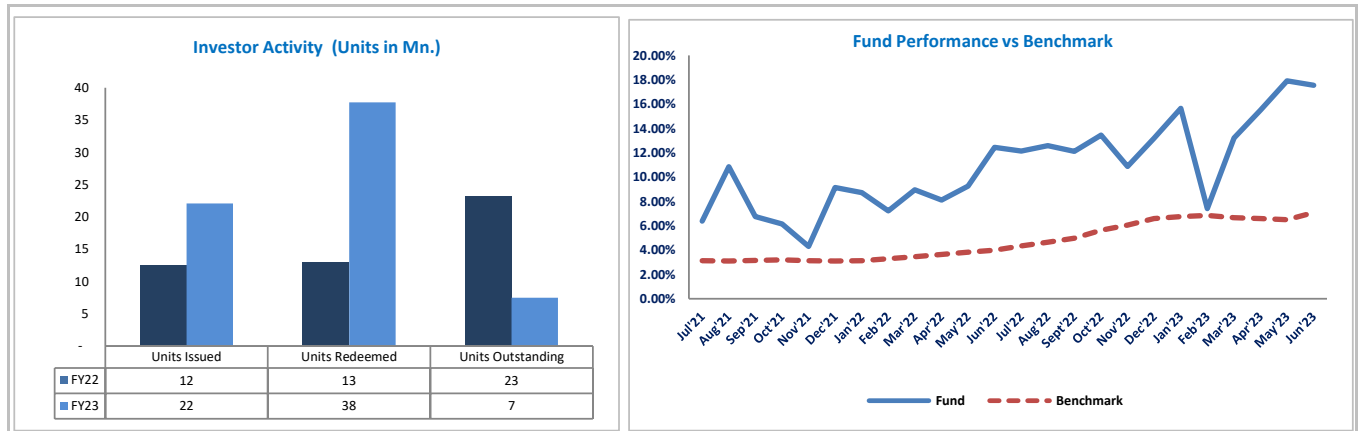
**Offering Document (Extract)**

Description	Minimum rating	Min- Max Limits
Shariah Compliant Government Securities with maturity equal to and greater than 90 days, where the maximum weighted average maturity in this category shall not exceed 4 years.	NA	0%-75%
Cash and/ or near cash instruments with licensed Islamic Banks and licensed Islamic Banking windows of Conventional Banks.	A-	25%-100%
Murhaba Share Financing or any other Shariah compliant form of securities leveraging product;	Investment Grade	0%-40%
Secured and Unsecured (listed and/or privately placed) Sukuks	A-	0%-75%
Shariah Compliant Commercial paper	A-	0%-75%
Shariah Compliant non-traded securities with maturity of less than and equal to six (6) months including but not limited to Bank Deposits with licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks and Placement of funds under Mudarabah, Murabaha, Musharakahs, Istisna'a and Ijarah arrangements with banks, NBFCs, Mudarabahs and DFIs.	A-	0%-75%
Shariah Compliant non-traded securities with maturity exceeding six (6) months including but not limited to Bank Deposits with licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks and Placement of funds under Mudarabah, Murabaha, Musharakahs, Istisna'a and Ijarah arrangements with banks, NBFCs, Mudarabahs and DFIs.	A-	0%-15%
Deposits (Current/Saving, Term Deposit Receipt, Certificate of Deposit (COD), Certificate of Investments (COI), Certificate of Musharka (COM) with Licensed Islamic Banking windows of Microfinance Bank.	A-	0%-25%
Authorized investments in overseas markets including Mutual Funds. Overseas investments would be subject to prior approvals/guidelines of SECP and SBP.	A-	0-30% of Net Assets or subject to cap of USD 15 million whichever is lower.
Any other Shariah Compliant instrument / securities that may be allowed by the SECP from time to time and is in accordance with the guidelines of Shariah Advisor of the Scheme.	A-	As may be allowed by the Commission

**Net Assets**

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	4,014	2,760	2,666

**Asset Allocation - Jun'23****Credit Quality - Jun'23**



Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
Government Securities	20.47%	34.02%	8.78%	Cash	31.81%	31.43%
AAA	0.52%	4.66%	0.00%	Placements at Banks, DFIs and NBFCs	8.68%	11.57%
AA+	23.66%	27.87%	17.22%	Sukuk, TFCs, COI	23.72%	33.44%
AA	17.02%	29.31%	8.65%	GoP Ijara	22.50%	20.47%
AA-	0.05%	0.49%	0.01%	Spread Transaction	0.55%	0.00%
A+	8.69%	17.72%	0.10%	ICP	10.47%	0.00%
A	22.59%	50.50%	2.54%	Others	2.28%	3.09%
A-	0.00%	0.00%	0.00%			
BBB+	0.00%	0.00%	0.00%			
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR*	3.09%	5.22%	2.25%			
*Non-rated include receivables/accruals from securities having a credit rating of not less than A						
Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in year(s)	1.75	2.34	1.06	Total Return	8.50%	14.32%
Duration (In Days)	48	76	24	Benchmark Return	3.34%	6.06%
				Peer Average	8.91%	15.75%
				Peer Ranking	18/21	21/23

## Fund Stability Analysis

The Faysal Islamic Savings Growth Fund has been assigned a fund stability rating of A+(f). This rating indicates a moderate degree of stability in the net asset value of the fund, with risk factors that may vary with possible changes in the economy.

## Asset Allocation:

As of June'23, AUMs of the fund dropped slightly to Rs. 2.7b (June'22: Rs. 2.8b). From Jul'22 to Dec'22 and in May'23, the fund did not meet the exposure limit for cash and cash equivalents, fall short of the permitted range of 25% to 100%. The fund also breached its investment limit in a single entity, exceeding the allowed 15% threshold in Sept'22, Oct'22, Nov'22, Mar'23, Apr'23, and May'23 while also surpassed its investment limit within a single sector, going beyond the prescribed 35% in Apr'23 and May'23. The fund's major asset classes during FY23 on an average basis is Cash (~31.4%), Sukuk, TFC and COI (~33.4%) and GoP Ijara (~20.5%).

## Credit Risk:

The credit risk criteria of the fund falls within the guidelines stipulated in our methodology for the assigned rating. The fund also meets its IPS restriction of exposure below 'A-' rated issue/issuer. During the year, the fund showcased significant movement towards A rated instrument; however, credit quality is maintained with rise in proportion of government and AA+ rated securities.

## Market and Liquidity Risk:

Weighted Average Maturity (WAM) of net assets, excluding government securities, is pegged at four years under the IPS. During the period ending June 2023, the actual WAM of net assets remained below 2 year. Likewise, the fund's duration was kept within the set parameters of 180 days. Top-10 client concentration has increased consistently to ~80.3% in FY23 (FY22: ~62.0%), posing a higher liquidity risk. Nonetheless, owing to the asset allocation plan, ability to meet redemption remains sound.

## Fund Performance:

The fund has also demonstrated strong performance, with a total return of 14.3% in FY23 compared to the benchmark return of 6.1%; however, trailing behind its peer average of 15.8% while placed in the fourth quartile relative to peers.

## Financial Snapshot

	FY22	FY23
<b>BALANCE SHEET</b>		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<b>INCOME STATEMENT</b>	<b>FY22</b>	<b>FY23</b>
Total Income	324.0	326.9
Profit Before Tax	287.0	296.1
Profit After Tax	287.0	296.1
<b>RATIO ANALYSIS</b>	<b>FY22</b>	<b>FY23</b>
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	Faysal Islamic Savings Growth 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	15-Dec-23	A+(f)	Reaffirmed
Fund Stability	13-Dec-22	A+(f)	Reaffirmed
Fund Stability	7-Jan-22	A+(f)	Reaffirmed
Fund Stability	5-Oct-20	A+(f)	Reaffirmed
Fund Stability	13-May-19	A+(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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