

**Faysal Islamic Savings Growth Fund (FISGF)**

**Managed By: Faysal Asset Management Limited**

**Fund Stability Rating**

**Latest Rating**

**A+(f)**

**27/12/2024**

**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>Launch Date</b>	June 16, 2010
<b>Fund Type</b>	Open Ended
<b>Category</b>	Shariah Compliant Income Scheme
<b>Risk Profile</b>	Medium
<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>	AM1 (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.

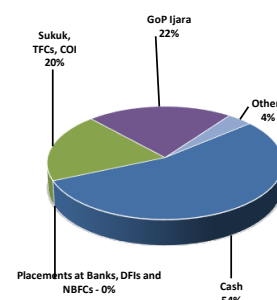
**Offering Document (Extract)**

Description	Minimum rating	Min- Max Limits
Cash & cash equivalents (excluding TDRs) with Islamic Banks and Licensed Islamic windows of conventional Banks	A-(A Minus) or higher	25%-100%
Shariah Compliant Term Finance Certificate, Shariah Compliant Participation Term Certificates; Certificates of Investment based on Shariah compliant structures.	A-(A Minus) or higher	0%-50%
Bank Deposits of various tenors in licensed; Islamic Banks and licensed Islamic Banking windows of conventional Banks	A-(A Minus) or higher	0%-75%
Placements of funds under Mudarabah, Murabaha, Musharika, Istisna's, Ijara or any Other mode of financing with Spread Transactions as approved by the Shariah Advisor	A-(A Minus) or higher, In case of NREFCs and	0%-50%
Secured, Unsecured, listed, unlisted and privately placed Shariah compliant income instruments / securities including Sukuks issued by Federal Government, Provincial Government, Local Government, Government agencies, Autonomous Bodies, public sector entities and private sector entities	N/A	0%-40%
Certificates, Contracts, securities, instruments issued by Federal Government, Provincial Government, Local Government, Government agencies, Autonomous Bodies, public sector entities and private sector entities issued on the principles of Bai' Mu'ajjal, Bai'Salam, Istisna's, Modaraba, Murabaha and Musharika	A-(A Minus) or higher	0%-50%
Any other securities or instruments that may be permitted by the Commission and the Shariah Advisor	N/A	0%-40%
Investments Outside Pakistan The above or any other Shariah-Compliant Investments available outside Pakistan subject to prior written approval of the Commission and seeking all together regulatory approvals.	N/A	0-30% subject to cap of US \$15 million or as allowed by SECP/SBP

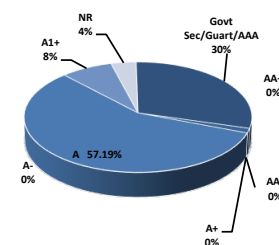
**Net Assets**

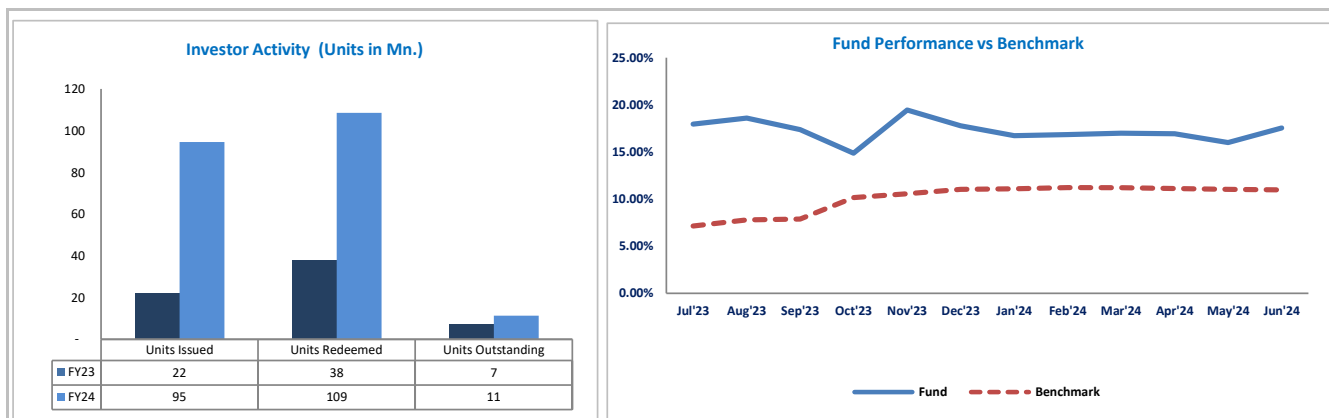
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	2,760	2,666	1,197

**Asset Allocation - Jun'24**



**Credit Quality - Jun'24**





Credit Quality (FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg.
Govt Sec/Quart/AAA	21.84%	38.62%	11.36%	Cash	31.43%	45.85%
AA+	15.61%	28.47%	0.00%	Placements at Banks, DFIs and NBFCs	11.57%	0.69%
AA	6.27%	25.59%	0.00%	Sukuk, TFCs, COI	33.44%	30.64%
AA-	0.01%	0.01%	0.00%	GoP Ijara	20.47%	16.39%
A+	10.53%	31.76%	0.00%	Spread Transaction	0.00%	0.00%
A	34.66%	63.43%	10.39%	ICP	0.00%	0.00%
A-	0.00%	0.00%	0.00%	Others	3.09%	6.43%
A1+	2.81%	8.85%	0.00%			
A1	1.40%	8.85%	0.00%			
BBB+	0.00%	0.00%	0.00%			
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR	6.43%	10.78%	3.83%			

\*Non-rated include receivables/accruals from securities having a credit rating of not less than A

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	1.23	1.82	0.79	4.00	Total Return	14.32%	18.68%
Duration (In Days)	19	28	9	180	Benchmark Return	6.06%	10.10%
					Peer Average	15.75%	21.08%
					Peer Ranking	21/23	31 / 31

## 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:

During the review period, the Fund's Assets Under Management (AUM) declined by approximately 52%, decreasing to Rs. 1.2 billion as of June 2024 (June 2023: Rs. 2.7 billion). While the Fund's asset allocation generally aligned with its offering document, a breach of exposure limits for cash and cash equivalents and Sukuks was noted in April 2024. On average, the portfolio primarily comprised cash investments, representing about 46%, followed by Sukuks at 31% and GoP Ijara at 16%. The remaining funds were allocated to other securities (6.43%) and placements with banks and DFIs (0.69%).

## Credit Risk:

In line with the offering document, the Fund maintained exposure to assets rated above A-. During FY24, the allocation to A-rated instruments increased, averaging approximately 35% of the portfolio. Investments in government securities represented around 16%, while AA+-rated securities accounted for about 16% of the Fund's assets. Additionally, investments in A+ rated assets made up approximately 11% of the total Fund size. The Not Rated (NR) rated investments are representative of receivables/accrued profit against investments in AA and A+ instruments/institutions. While the Fund did not maintain its credit quality in line with the VIS Benchmark during FY24, it has adhered to the benchmark in the ongoing year. Going forward, maintenance of the credit quality will be important for the assigned rating.

## Market and Liquidity Risk:

As per the offering document, the weighted average time to maturity (WAM) is limited to a maximum of 4 years, while the Fund's duration is capped at 180 days. The average WAM during FY24 stood at 450 days while average duration was recorded at 19 days, below the defined thresholds.

Associates accounted for the majority of the AUM mix, comprising ~47% of the total assets, while retail investors represented ~44%. Additionally, the top ten investors constituted ~68% of the total AUM as of June 2024, reflecting an improvement compared to the previous year, though still remaining relatively high.

## Fund Performance:

During FY24, the Fund yielded an annualized return of 18.67%, underperforming the peer average. Additionally, the Fund is placed in the fourth quartile compared to its peers.

## Financial Snapshot

	FY23	FY24
<b>BALANCE SHEET</b>		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<b>INCOME STATEMENT</b>		
Total Income	326.9	428.8
Profit Before Tax	296.1	379.2
Profit After Tax	296.1	379.2
<b>RATIO ANALYSIS</b>		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
<b>Name of Rated Fund</b>	Faysal Islamic Savings Growth Fund	<b>Sector</b>	Mutual Funds
<b>Type of Relationship</b>	Solicited	<b>Purpose of Rating</b>	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	27-Dec-24	A+(f)	Reaffirmed
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
<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.		
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