

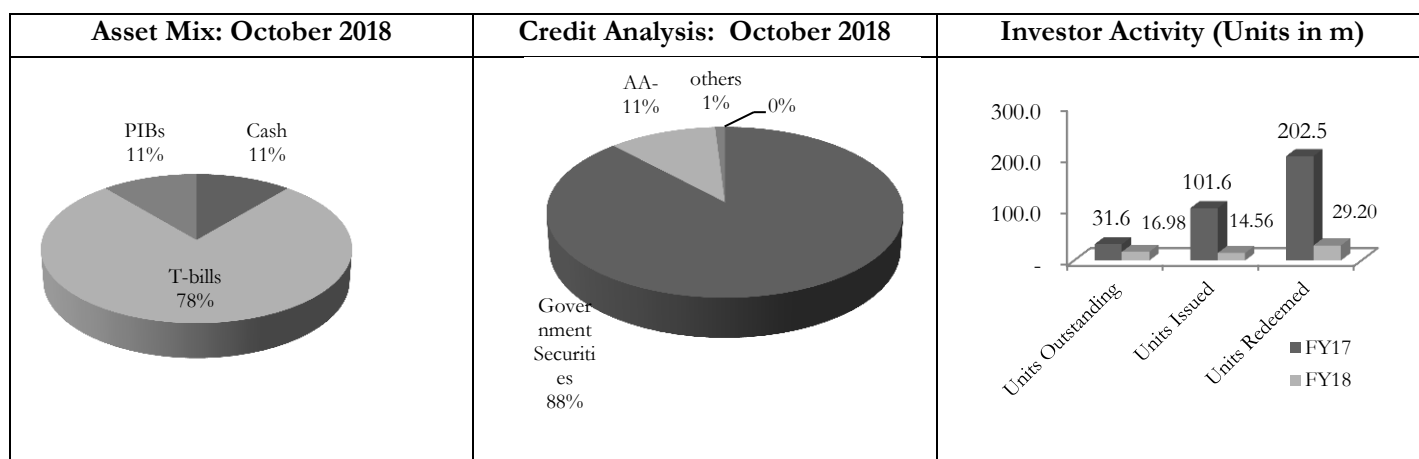
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Analysts: Muhammad Ibad Desmukh
Muhammad Hamza Amir

Investment Objective

The objective of the fund is to generate a competitive return with minimum risk, by investing primarily in government securities.

UBL Government Securities Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A+(f) <i>Dec 31, '18</i>	A+(f) <i>Dec 29, '17</i>
Management Company	UBL Fund Managers Limited	
External Auditors - Fund	BDO Ebrahim & Co	
Fund Manager	Mr. Usama Bin Razi	
Trustee	Central Depository Company Ltd.	
Launch Date	July 27, 2011	
Front-end Load	1%	
Back-end Load	Nil	
Management Fee	10% of all gross earnings (with min. fee of 1% p.a. & max. fee of 1.25%p.a.)	
Benchmark	Average of 6M PKRV rates	



UBL Government Securities Fund (UGSF) was launched in July 2011 with an objective to earn competitive returns by investing primarily in sovereign instruments. Investment guidelines of the fund are based on an investment horizon in excess of 1 year. The declining trend of AUMs continued in the outgoing year as the net assets stood at Rs. 1.877b at end-FY18 from Rs. 3.3b in FY17. By end-October 2018, net assets witnessed a further decline to Rs. 1.7b.

The fund’s offering document (OD) restricts exposure primarily within sovereign instruments and cash holdings, pointing to a conservative credit risk profile and a liquid asset mix.

Table 1: Asset Allocation Per IPS

Securities	Rating	Limits
Government Securities (on monthly average basis)	N/A	70 - 100%
Cash at Bank (excluding TDR) and other cash instruments like T-Bills with maturity not exceeding 90 days.	AA- and above	10 - 30%
Deposits with scheduled banks and Reverse Repo against Government Securities with maturity up to 6 months	AA- and above	0 - 30%
Deposits with scheduled banks and Reverse Repo against Government Securities exceeding maturity of 6 months	AA- and above	0- 15%

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During FY18, the fund increased its investment in T-Bills to 71% (on average) (FY16: 54.5%) while reducing PIB exposure to 6% by end-June 2018. The fund also cut down its investments in GoP Ijarah Sukuk over the course of the fiscal year.

Table 2: Asset Allocation

	June 2018	Average FY18
Cash	40%	36%
PIB	0%	6%
T-Bills	55%	71%
GoP Ijarah Sukuk	0%	2%
Placement with		
Banks	4%	7%
Others	0%	13%

As per the IPS, Weighted Average Maturity (WAM) of the fund shall not exceed 4 years. WAM at end-FY18 decreased to 0.08 years from 0.93 years in the preceding year. The average duration of the fund has been 0.13 years (FY17: 0.835) during FY18.

During FY18, UGSF underperformed the benchmark with a return of 4.71% (FY17: 4.81%) vis-à-vis benchmark of 6.20% (FY17: 5.81%). In relation to peers, the fund ranked 23 out of 28 (FY17: 24 out of 28) in FY18.

Investor concentration in the fund has been on the higher side. At end-June'2018, top 20 investors in the fund held 59% (FY17: 56%) of the outstanding net assets

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
31-Dec-18	A+(f)			Reaffirmed
29-Dec-17	A+(f)			Upgrade
30-Dec-16	A(f)			Reaffirmed
06-Jan-16	A(f)			Downgrade
04-Aug-14	A+(f)			Reaffirmed
18-Apr13	A+(f)			Reaffirmed
29-Mar-12	A+(f)			Initial