

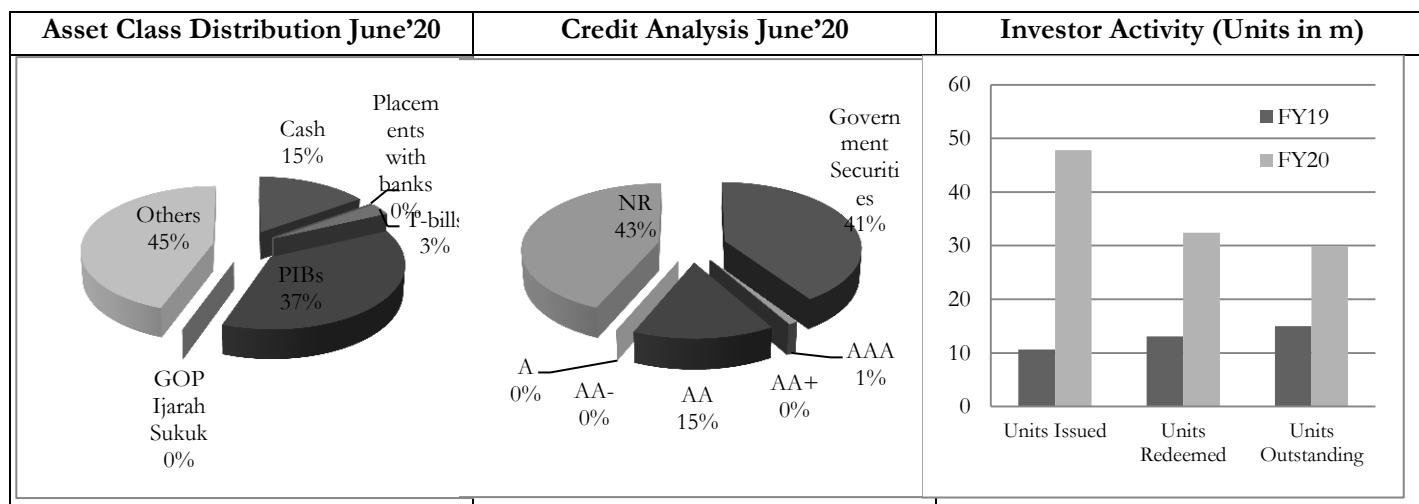
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Investment Objective

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	AA(f) <i>Jan 1, '21</i>	A+(f) <i>Dec 31, '19</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	Nil	
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	



Launched in July 2011, UBL Government Securities Fund (UGSF) aims towards achieving the objective to earn competitive returns by investing primarily in sovereign instruments and government paper. Guidelines for investment of the fund are based on an investment horizon in the excess of 1 year.

The fund’s offering document (OD) points to a conservative credit risk profile suggesting that it restricts and limits its primary exposure in sovereign instruments and cash holdings in order to preserve a liquid asset mix.

During FY20, the fund size witnessed growth where net AUMs closed at Rs. 31.b end-June'20.

Table 1: Offering Document (extract)

	Min 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%

Asset Allocation:
Table 2: Asset Allocation

	FY19	FY20	Average FY20
Cash	67%	15%	28%
PIB	31%	37%	30%
T-Bills	0%	3%	36%
GoP Ijarah Sukuk	0%	0%	1%
Placement with Banks	0%	0%	1%
Others	2%	44%	5%

As per the fund's Investment Policy Statement (IPS), the fund shall invest a minimum 70% of assets (on monthly average basis) in sovereign instruments. During FY20, the fund complied with the specified requisites of the offering document for the assigned ratings. On a monthly average basis the fund's asset allocation plan remained concentrated in its cash balances at 28% and PIBs and T-bills at 30% and 36% respectively.

Credit Quality:
Table 3: Credit Quality

	Average	Maximum	Minimum
Government Securities	67%	98%	12%
AAA	9%	74%	0%
AA+	1%	9%	0%
AA	5%	32%	0%
AA-	14%	57%	0%
Others	5%	44%	1%

The fund's IPS restricts at least 85% exposure in AAA rated issue/issuer, during FY20 the fund took 67% exposure in AAA rated instruments and 14% exposure in AA- rated instruments. The fund was in breach of this benchmark at several instances during the period under review.

Market Risk:

Weighted average time to maturity of the net assets shall not exceed 4 years and this condition shall not apply to securities issued by federal government. During FY20 maximum WAM was reported at 3.64 years at end-May'20.

Fund Performance:

During FY20, the fund generated an incremental return of 14.82% (FY19: 7.55%) out-performing its benchmark of 12.07% (FY19: 10.00%) at end-June'20. Relative to its peers the fund was ranked 9th out of a total of 12 funds in the category.

Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
1-Jan-21	AA(f)			Upgrade
31-Dec-19	A+(f)			Reaffirmed
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

FINANCIAL SUMMARY		<i>(amounts in PKR millions)</i>	
<u>BALANCE SHEET</u>		FY19	FY20
Paid Up Capital		NA	NA
Total Equity		NA	NA
<u>INCOME STATEMENT</u>			
Total income		46	38
Profit Before Tax		32	29
Profit After Tax		32	29
<u>RATIO ANALYSIS</u>			
Net Cash Generated from Operating Activities		208	12
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA