

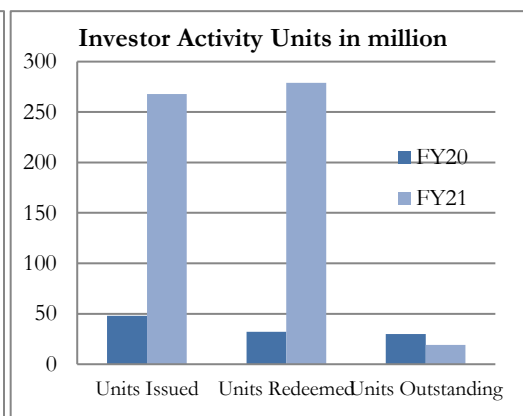
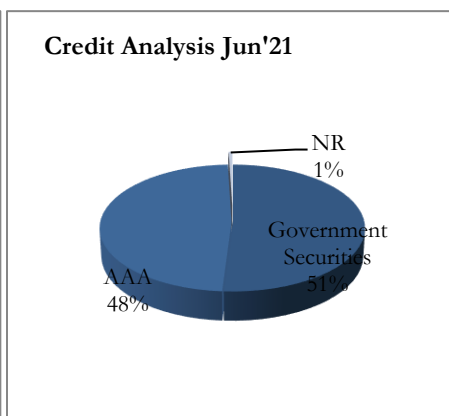
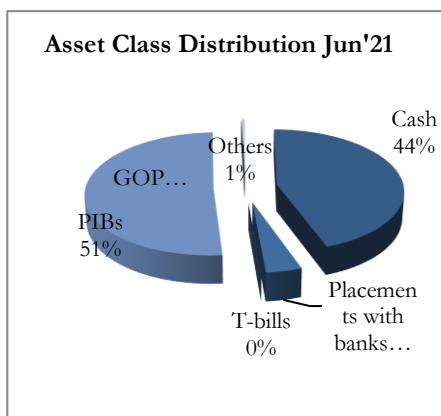
Date: January 13, 2022

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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)	AA(f)
	Jan 13, '22	Jan 6, '21
AMC	UBL Fund Managers Limited	
External Auditors – Fund	BDO Ebrahim & Co.	
Trustee	Central Depository Company Ltd	
Front-end Load	1%	
Back-end Load	Nil	
Management Fee	10% of all gross earnings )with min fee of 1%p.a and max fee of 1.25% p.a.	
Benchmark	Average of 6M PKRV rates	



UBL Government Securities Fund (UGSF) was launched in July 2011 with the objective of earning competitive returns by investing primarily in sovereign instruments and government paper. The fund's Offering Document (OD) points to a conservative credit risk profile limiting the exposure in sovereign instruments to a minimum 70% while remaining to be held in liquid cash.

During FY21, fund size decreased to Rs. 2.0b at end Jun'21 from Rs. 3.2b at end Jun'20.

### Offering document (extract)

Description	Minimum rating	Min-Max Limits
Government Securities	NA	70%-100%
Cash at Bank (excluding TDR) and other near cash instruments	AA- or above	0%-30%
Deposits with Scheduled Banks and Reverse Repo against Govt. securities, with maturity up to 6 months	AA- or above	0%-30%
Deposits with scheduled banks and reverse repo against Govt. securities, exceeding maturity of 6 months.	AA- or above	0%-15%

## Asset Allocation:

Table 2: Asset Class Distribution:

Asset Allocation	Avg'20	Avg'21	Jun' 21
Cash	28%	19%	44%
Placements with Banks	1%	1%	4%
T-Bills	35%	11%	0%
PIBs	30%	66%	51%
GoP Ijarah Sukuk	1%	0%	0%
Others	5%	4%	1%
Total	100%	100%	100%

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 FY21, the fund majorly complied with the specified requisites of the offering document. The minimum thresholds are on a monthly average basis and while at month end Mar'21 and Jun'21, asset allocation in Government securities is less than the minimum threshold, the fund remained in compliance on a monthly average basis. On a monthly average basis the fund's asset allocation plan remained concentrated in its cash balances at 19% and PIBs and T-bills at 66% and 11% respectively.

## Credit Quality:

Table 3: Credit Quality

Credit Quality	Average	Maximum	Minimum
AAA	91.38%	91.65%	13.50%
AA+	0.23%	2.00%	0.00%
AA	0.22%	2.60%	0.00%
AA-	4.29%	12.00%	0.00%
Non Rated	3.77%	13.00%	0.5%

In order to cater to its mandate, the fund is required to invest in instruments that have a minimum credit quality rating of 'AA-' or higher. The fund largely was in compliance with the requirements of the offering document with 91% of the asset allocation on average maintained in 'AAA' rated exposures with a fraction invested in 'AA-' and unrated instruments.

## Market Risk:

As per IPS, Weighted average time to maturity of the net assets shall not exceed 4 years however this condition shall not apply to securities issued by federal government. During FY21 maximum WAM was reported at 3.76 years while at Jun'21 end it stood at 2.68 years. Modified duration of the fund was recorded at 64 days which is within our benchmark for the assigned rating.

## Liquidity:

The fund's liquidity profile remains fairly strong given investments mainly concentrated in cash or government securities. Retail proportion in the fund remains high while top 10 investor concentration is moderate.

## Fund Performance:

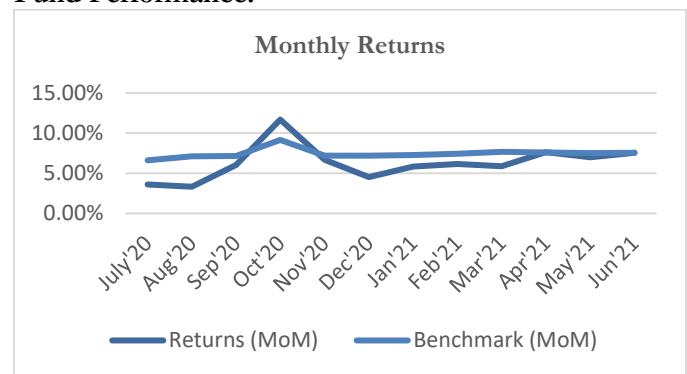


Table 5: Fund Performance:

Performance	FY20	FY21
Total Return	14.82%	5.60%
Benchmark Return	12.07%	7.28%
Peer Average	13.30%	5.85%
Peer Ranking	12/31	22/31

During FY21, fund underperformed its benchmark return by a difference of 1.68%. The fund also underperformed the peer average of 5.85% and was ranked 22<sup>nd</sup> out of 31 among peers. Relative ranking depicted a decline from last year with the fund sliding into third quartile at the end of FY21, although subsequent to year end fund performance depicts improvement. Maintenance of fund performance will be important for rating, going forward.

### Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	13-Jan-2022	AA(f)	Reaffirmed
Fund Stability	06-Jan-21	AA(f)	Upgrade
Fund Stability	31-Dec-19	A+(f)	Reaffirmed
Fund Stability	31-Dec-18	A+(f)	Reaffirmed
Fund Stability	29-Dec-17	A+(f)	Upgrade
Fund Stability	30-Dec-16	A(f)	Reaffirmed
Fund Stability	6-Jan-16	A(f)	Downgrade
Fund Stability	4-Aug-14	A+(f)	Reaffirmed
Fund Stability	18-Apr-13	A+(f)	Reaffirmed
Fund Stability	29-Mar-12	A+(f)	Initial

<b>BALANCE SHEET</b>	<b>FY20</b>	<b>FY21</b>
<b>Paid Up Capital</b>	N/A	N/A
<b>Total Equity</b>	N/A	N/A
<b><u>INCOME STATEMENT</u></b>		
<b>Total Income</b>	404	290
<b>Profit Before Tax</b>	355	225
<b>Profit After Tax</b>	355	225
<b><u>RATIO ANALYSIS</u></b>		
<b>Current Ratio (x)</b>	N/A	N/A
<b>Gearing (x)</b>	N/A	N/A