

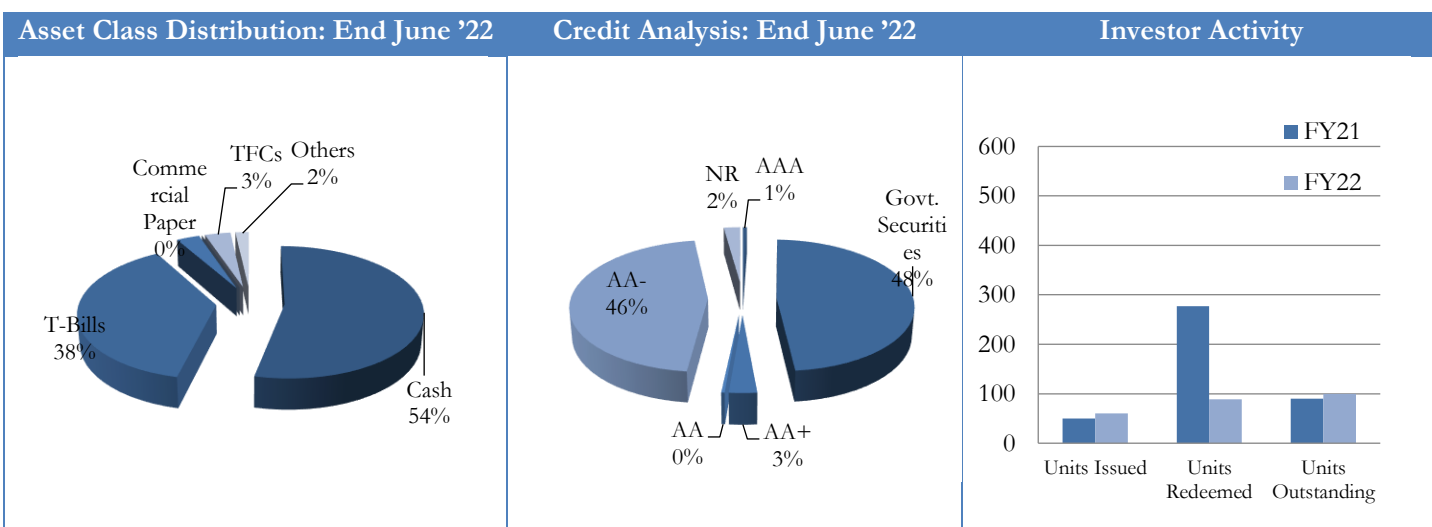
December 30, 2022

Analyst: Syeda Batool Zehra Zaidi

Investment Objective

To deliver optimal risk adjusted returns by investing mainly in a combination of short to long term Government Securities and other debt instruments.

ABL Government Securities Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA-(f)	AA-(f)
	Dec 30, 22	Jan 18, '22
Management Company	ABL Asset Management Company Limited	
Trustee	Central Depository Company Ltd.	
Front-end Load	1.5%	
Back-end Load	Nil	
Management Fee	Class B unit 1.25%	
Benchmark	6 Months KIBOR	



Launched in November 2011, ABL Government Securities Fund (ABL-GSF) commenced as an open-end mutual fund. The fund aims to primarily place its investments in a blend of short- and long-term debt instruments and government securities.

As per the Investment Policy Statement (IPS) and offering document, the fund must deploy at least 70% of its assets in government securities based on monthly average investments to be calculated on a daily basis. Other asset allocation avenues include Cash, TDRs and Corporate TFCs within stipulated limits.

Offering document (extract)

	Entity Rating	Instrument Rating	Min-Max Limits
Government Securities including Reverse Repo against Government Securities	N/A	N/A	70%-100%
Cash in Bank Accounts (excluding term deposits) and Government Securities of less than 90 days Maturity	AA- in case of banks	N/A	0%-50% & 0%-100% for T-bills
Term Finance Certificates / Sukuk / Commercial Papers	AA-	AA-	0%-20%
PIBs Reverse Repo (upto six months only) against Government Securities	A	N/A	0%-50%
Any instrument security being an authorized investment under trust deed or which is allowed by SECP	AA-	AA-	As specified by the Commission

Asset Allocation:

Table 2: Asset allocation summary

	Average FY21	Average FY22	End-October'22
Cash	18%	32%	7%
T-Bills	16%	46%	86%
PIBs	47%	9%	0%
TFCs	9%	10%	4%
Commercial Paper	3%	0%	0%
Others including rec.	2%	0%	3%
Total	100%	100%	100%

During FY22, the fund's major asset class distribution remained concentrated in its cash placements, T-bills and PIBs. On a monthly average basis the fund's T-bill exposure increased to 46% (FY21 16%) while PIB exposure declined to 9% (FY21 47%) Further, remaining AUMs were deployed in TFCs during the year. Barring minor deviations, the fund complied with the requisites of the offering document.

Credit Quality:

Table 3: Credit quality summary FY22

	Average	Max	Min
Government Securities	57%	88%	2%
AAA	3%	16%	0%
AA+	19%	68%	3%
AA	0%	2%	0%
AA-	17%	73%	0%
NR	4%	12%	2%

The fund's offering document points to a conservative credit risk profile suggesting that it restricts and limits its primary exposure in sovereign instruments in order to preserve a liquid asset mix. Average exposure in 'AAA' rated instruments was reported at 57% (FY21 77%) whereas the fund took 19% exposure in 'AA-' rated instruments. There were no breaches witnessed for the assigned ratings

Market Risk

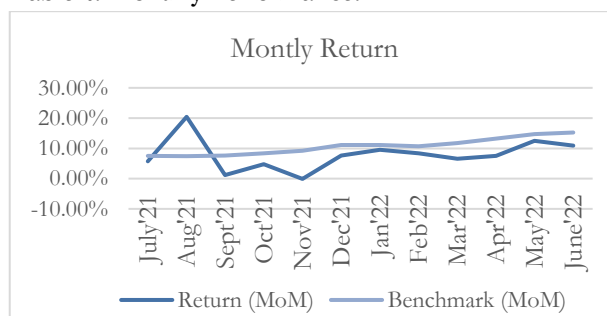
The weighted average time to maturity (WAM) of the fund is capped at 4 years. During FY22 maximum and minimum WAM were reported at 568 and 44 days respectively, therefore remaining compliant for the assigned rating.

Liquidity Profile:

Total number of investors of the fund slightly increased to 1,560 (FY21: 1,512) while top-10 investors held 58% of the fund's asset base (FY21 23%). Concentration by retail investors remained stagnant at to 97% whereas portion of corporates also stood at 3% of net assets at end-FY22.

Performance Summary:

Table 4: Monthly Performance:



Performance of the fund is measured against weighted average of 6 months KIBOR. The fund has consistently underperformed monthly benchmark and peer average. Rankings of the fund stood at 27/30 at year end-June'22 on the basis of 365 day return performance. (FY21: 28/31).

Table 5: Performance summary

Performance	FY21	FY22
Return (%)	15.40%	8.25%
Benchmark	12.07%	10.66%
Relative Ranking	11/30	28/31
Peer Average	13.18%	9.38%

BALANCE SHEET	FY22	FY21
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	81	206
Profit Before Tax	71	151
Profit After Tax	71	151
RATIO ANALYSIS		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A

ISSUE/ISSUER RATING SCALE & DEFINITIONS	Appendix I		
<p>VIS Credit Rating Company Limited</p> <hr/> <p>RATING SCALE & DEFINITIONS: FUND STABILITY RATING SCALE</p> <table border="0"> <tr> <td style="vertical-align: top;"> <p>AAA(f) Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions</p> <p>AA+(f), AA(f), AA-(f) High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economics conditions</p> <p>A+(f), A(f), A-(f) Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy</p> </td> <td style="vertical-align: top;"> <p>BBB+(f), BBB(f), BBB-(f) Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy</p> <p>BB+(f), BB(f), BB-(f) Low degree of stability in NAV. Risk factors are sensitive to changes in the economy</p> <p>B(f) Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy</p> </td> </tr> </table> <hr/> <p>The FSR scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings. FSRs may be placed under 'Rating-Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate re-evaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating-Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating-Watch' may result in a rating change, while the rating continues to be placed under 'Rating-Watch'.</p>		<p>AAA(f) Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions</p> <p>AA+(f), AA(f), AA-(f) High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economics conditions</p> <p>A+(f), A(f), A-(f) Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy</p>	<p>BBB+(f), BBB(f), BBB-(f) Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy</p> <p>BB+(f), BB(f), BB-(f) Low degree of stability in NAV. Risk factors are sensitive to changes in the economy</p> <p>B(f) Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy</p>
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REGULATORY DISCLOSURES**Appendix**

Name of Rated Fund	ABL Government Securities Fund			
Sector	Mutual Funds			
Type of Relationship	Solicited			
Purpose of Rating	Fund Stability Rating (FSR)			
Rating History	Rating Date	Medium to Long Term	Outlook	Rating Action
	30-Dec-22	AA-(f)		Reaffirmed
	18-Jan-22	AA-(f)		Reaffirmed
	31-Dec-21	AA-(f)		Upgraded
	20-Jan-20	A(f)		Upgraded
	16-Jan-19	A(f)		Reaffirmed
Instrument Structure	N/A			
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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