

Date: January 07, 2016

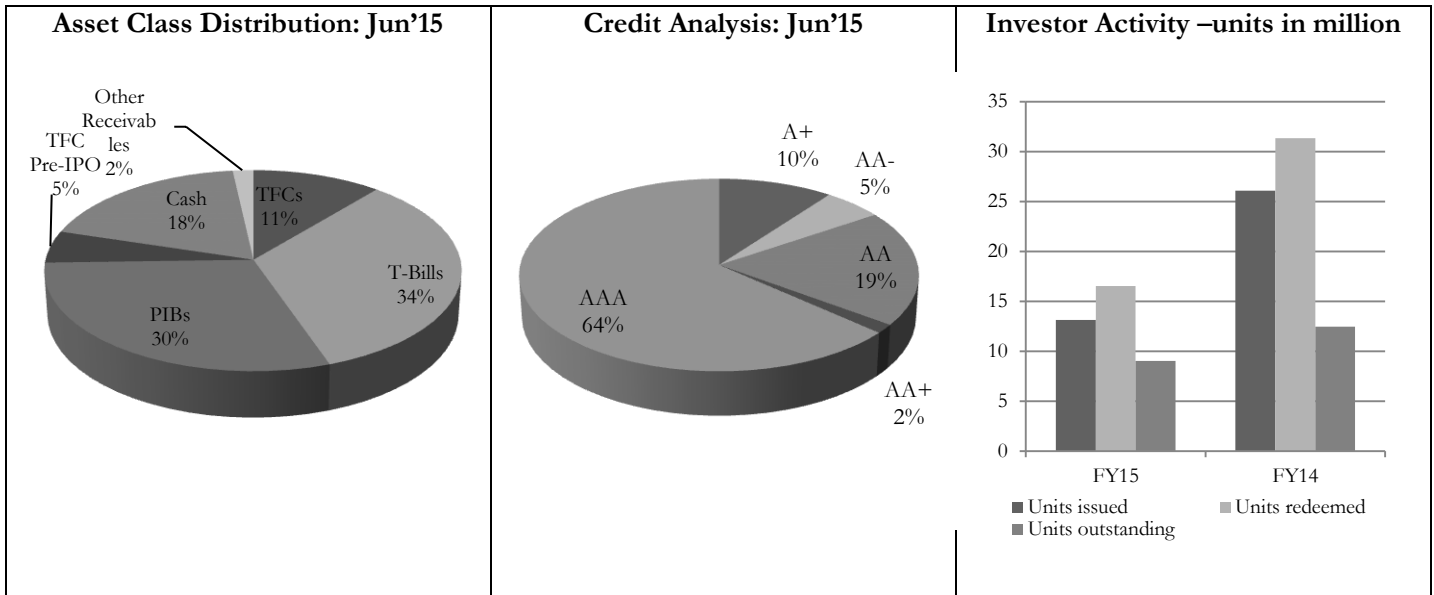
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Moiz Badshah

Investment Objective

The aim of the fund is to generate relatively higher yield as compared to conventional bank deposits from a portfolio of sovereign and banking sector instruments.

Askari Sovereign Yield Enhancer	
Rating Category	Initial
	A+(f)
Fund Stability Rating	Dec 31, 2015
Asset Management Company	Askari Investment Management Limited (AIML)
Shariah Advisor	Dr. Tahir Mansoori
External Auditor - Fund	KPMG Taseer Hadi & Co.
Chief Executive	Mr. Saqib Mukhtar
Fund Manager	Mr. Mustafa Kamal
Trustee	Central Depository Company
Front-end Load	1.25%
Back-end Load	Nil
Management Fee	1.1%
Benchmark	70% Average 6-month PKRV + 30% average 3-month deposit rate of at least 3 banks (A+ or above)

In Rs. m	ASYE		
	FY15	FY14	
Type of Scheme	Income		
Return (%) (Gross returns)	10.74%	8.83%	
Benchmark (%)	8.33%	8.90%	
Relative Ranking	23 out of 28	9 out of 27	
Fund Size (in Rs. m)	918	1,253	
Retail (%)	41.7%	25.4%	
Associates (%)	12.2%	8.0%	
Number of Investors	274	290	
Top 10 Investors / AUMs	56.9%	69.5%	
WATM (Weighted Average Time to Maturity) *as at July 2014	2.61 years	1.73 years*	
Duration (years)	2.00	1.48	
Asset Allocation (average for the year)			
	TFCs	19.1%	18.3%
	GoP Ijarah Sukuk	0.0%	3.7%
	T-Bills	39.8%	56.8%
	PIBs	33.8%	15.2%
	Cash	6.1%	5.2%
	Others	1.2%	0.8%



As per the constitutive document of the Askari Sovereign Yield Enhancer (ASYE), the fund is restricted to place a minimum 70% of net assets in government securities including Pakistan Investment Bonds (PIBs) and Treasury Bills (T-Bills). To maintain adequate liquidity, the fund ensures a minimum 25% of net assets as cash or cash equivalents which includes government securities with a maturity of less than 90 days. However, time to maturity of any single asset cannot exceed 10 years while weighted average time to maturity of the portfolio is limited to a maximum 5 years. Duration of the portfolio shall not exceed 3 years.

Based on decline in the Pakistan discount rate, average asset allocation of the fund has shifted from lower maturity T-Bills towards higher return PIBs. ASYE has further placed net assets in privately placed TFCs (Term Finance Certificates); the same are restricted to a maximum 30% of net assets. To ensure stability in the credit profile, all TFC investment must be made in A+ or above rated instruments. WATM, though well inside Offering Document limits, has increased to 2.61 years at end-FY15 (FY14: 1.73 years) for the portfolio. This is a reflection of increased holdings in longer term PIBs.

Net assets of the fund have decreased to Rs. 918m at end-FY15 (FY14: Rs. 1.25b). Decrease has occurred on account of redemption and conversion of corporate investors for tax benefits. The same, if not fully, was partially reversed with net assets amounting to Rs. 1.7b at end-Oct'15.

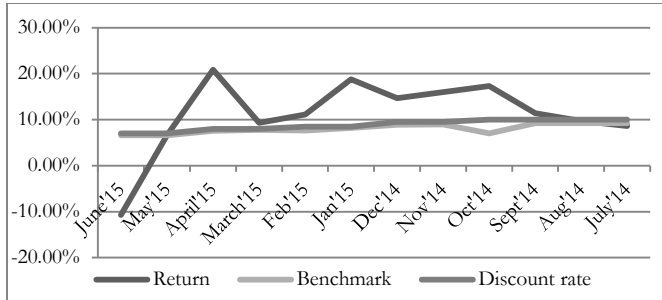
Top exposures for privately placed TFCs at end-FY15 were made to commercial banks which included NIB Bank Limited, Bank Al-Falah Limited and Bank Al-Habib Limited. The credit quality of the portfolio is sound with only 10% of net assets in A+ rated instrument and 64% in AAA rated ones.

Increased asset allocation towards PIBs has helped boost returns to 10.74% for the period (FY14: 8.83%). However, the fund was significantly outperformed by peers with relative ranking decreasing to 23 out of 28 (FY14: 9 out of 27) and a peer average of 12.72%. The same does not include an outlier which had abnormal returns due to a reversal of provisioning.

JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Movement in returns is shown below as compared to the benchmark and discount rate:



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Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/31/2015	A+ (f)	Initial