

Date: November 26, 2019

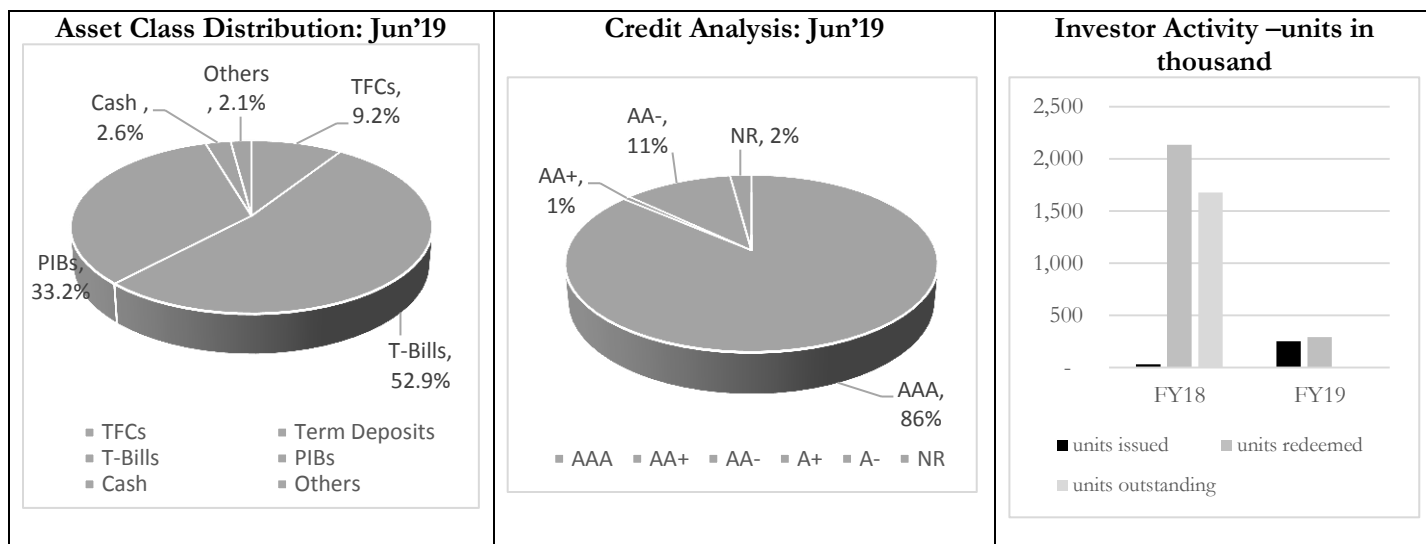
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Investment Objective

The aim of the fund is to generate relatively higher yield as compared to conventional bank placements, from a portfolio of sovereign and money market instruments.

Askari Sovereign Yield Enhancer		
Rating Category	Latest	Previous
Fund Stability Rating	A+(f) <i>Nov 26, 2019</i>	A+(f) <i>July 05, 2018</i>
Asset Management Company	Askari Investment Management Limited (AIML)	
External Auditor - Fund	KPMG Taseer Hadi & Co.	
Chief Executive	Ms Sadaf Kazmi	
Fund Manager	Mr. Jamshed Aziz	
Trustee	Central Depository Company	
Front-end Load	1.25%	
Back-end Load	Nil	
Management Fee	1.35%	
Benchmark	Average 6 month PKRV	

Askari Sovereign Yield Enhancer			
In Rs. m	FY19	FY18	FY17
Type of Scheme	Income		
Return (%) (<i>Gross returns</i>)	6.2%	4.5%	4.8%
Benchmark (%)	10.0%	6.2%	6.1%
Relative Ranking	29/30	28/29	26/29
Fund Size (in Rs. m)	167.2	177.2	385.6
Retail (%)	7.0%	14.9%	26.9%
Associates (%)	61.0%	59.6%	40.2%
Number of Investors	128	143	171
Top 10 Investors / AUMs	94%		
WATM (<i>Weighted Average Time to Maturity</i>)(years)	1.41	0.87	0.53
Duration (years)	0.76	0.09	0.11
Asset Allocation			
<i>TFCs</i>	9.24%	9.2%	5.9%
<i>Term Deposits</i>	0.00%	9.4%	0.0%
<i>T-Bills</i>	52.9%	75.7%	88.9%
<i>PIBs</i>	33.2%	0.0%	0.0%
<i>Cash</i>	2.5%	4.6%	5.2%
<i>Others</i>	2.1%	0	0.0%



Askari Sovereign Yield Enhancer (ASYE) was launched as open-end market scheme on May 07, 2012. The fund is managed by Pak Oman Asset Management Limited (POAML) since 2018; POAML has a management quality rating of AM3+, representing good management quality. Prior to this, ASYE was managed by Askari Investment Limited.

Since July 2016, the fund has witnessed a significant downward trend in its size; AUMs declined from Rs. 1.5b at end-June 2016 to Rs. 167.2m at end-June 2019.

As per the constitutive document of ASYE, the investment criteria are as shown below:

- At least 70% of the net assets to be invested in government securities
- Minimum 10% of net assets to be maintained as cash or cash equivalents which include government securities of maturity less than 90 days

Figure 1: Offering Document (Extract)

	Limits (%)	Min. Rating
Government Securities	70% - 100%	N/A
Cash and near cash instruments	10% - 100%	A-
Term Deposits/placements with banks, Reverse repo transactions against government securities	0%-15%	A+
Term Finance Certificates/ Sukuks	0%-10%	A+
Any investment authorized by commission	0%-50%	A-
Any investment authorized by regulatory approval in any foreign fixed instrument	0%-30%	A-

Asset Allocation

On month-end average basis, a large chunk of funds was invested in short term government securities during FY18. This allocation has significantly changed in FY19, where 53% of the assets were vested in T-Bills and 33 % have been allocated to PIB's. The fund has remained compliant with the investment policy limits.

Figure 2: Asset Allocation

	Jun'19	Jun'18	Jun'17	Average
Cash	2.55%	4.65%	5.23%	4.14%
TFCs	9.24%	9.24%	5.98%	8.15%
T Bills	52.90%	75.78%	88.96%	72.55%
PIBs	33.20%	0.00%	0.00%	11.07%
Term Deposits	0.00%	9.44%	0.00%	3.15%
Others	2.10%	0.00%	0.00%	0.70%
Total	100%	100%	100%	

Credit & Market risk

In accordance with the prevailing policy, ASYE can only invest in securities with minimum A- rated securities. The fund has remained compliant with the investment policy limits.

Figure 3: Credit Quality Summary - For period ending July 2018- July 2019

	Average	Maximum	Minimum
AAA	76%	89%	0%
AA+	4%	57%	0%
AA-	22%	99%	10%
A+	1%	9%	0%
A-	0%	0%	0%
NR	2%	3%	0%

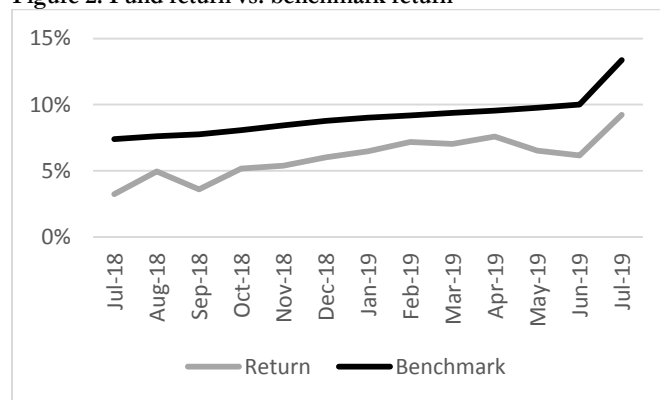
To minimize interest rate and price risk in case of any adverse movement in discount rate, weighted average maturity (WAM) of the fund is capped at 4 years and target duration of the fund is capped at 3 years. At end-FY19, the WAM and duration of the fund's assets was 1.4 years and 0.7 years respectively. Hence WAM & Duration remained under the defined limits.

Fund Performance

Performance of the fund is benchmarked against an equally weighted mean of average of 6 months PKRV. The annual return posted by the fund has consistently remained than benchmark throughout the past 3 years. It

was reported at 6.2% (FY18: 4.5%) in FY19 vis-à-vis benchmark return of 10.0% (FY18: 6.2%).

Figure 2: Fund return vs. benchmark return



Investor concentration in the fund remains significantly high as top-10 investors accounted for 94% of the total fund size at end-FY19. During the same period, contribution from retail clients decreased to 7.0% (FY18: 15%) and associates contribution remained at 61% at end-FY19 (FY18: 60%). The decrease in retail clientele was on account of higher redemptions from the same resulting in a lower investor base of 128 clients vis-à-vis 143 in FY18. The fund must ensure granularity in tandem with future growth prospects.

FINANCIAL SUMMARY		
	<i>(amounts in PKR millions)</i>	
<u>BALANCE SHEET</u>	FY18	1HFY19
Paid Up Capital	NA	NA
Total Equity	NA	NA
<u>INCOME STATEMENT</u>		
Total income	16.3	7.5
Profit Before Tax	10.4	4.9
Profit After Tax	10.4	4.9
<u>RATIO ANALYSIS</u>		
Net Cash Generated from Operating Activities	216.9	167.9
Current Ratio (x)	NA	NA
Gearing (x)	NA	NA

Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	11/26/2019	A+(f)	Reaffirmed
Fund Stability	05/07/2018	A+(f)	Reaffirmed
Fund Stability	12/30/2016	A+ (f)	Reaffirmed
Fund Stability	12/31/2015	A+ (f)	Initial