

Askari Sovereign Yield Enhancer (ASYE)
Managed By: Pak Oman Asset Management Limited
Fund Stability Rating
Latest Rating
AA-(f)
27-Dec-23
What is Fund Stability Rating

Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors an impartial gauge of the primary areas of risk that income funds may face, including credit risk, liquidity risk, and interest rate risk.

Fund Information

Auditor	RSM Avais Hyder Liaquat Nauman
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	0.0125
Back-end Load	Nil
Benchmark	Average 6 month PKRV
MQR Rating	0
Mgt. Fee	0.50% p.a.

Fund Overview

Askari Sovereign Yield Enhancer (the Fund) is an open-ended Income scheme constituted under a Trust Deed entered into on December 09, 2011, between UBL Fund Mangers Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

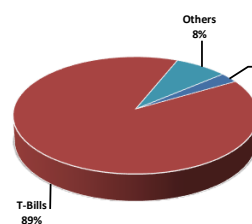
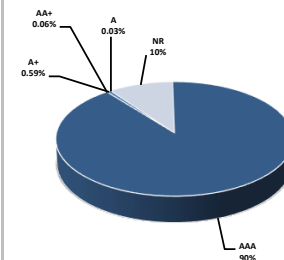
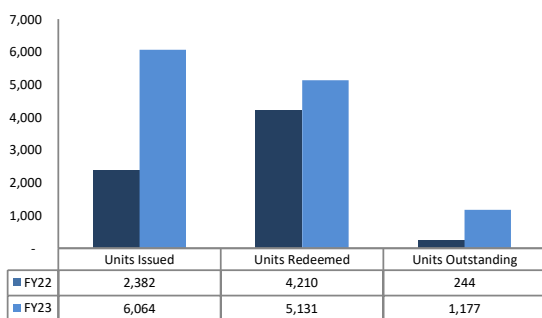
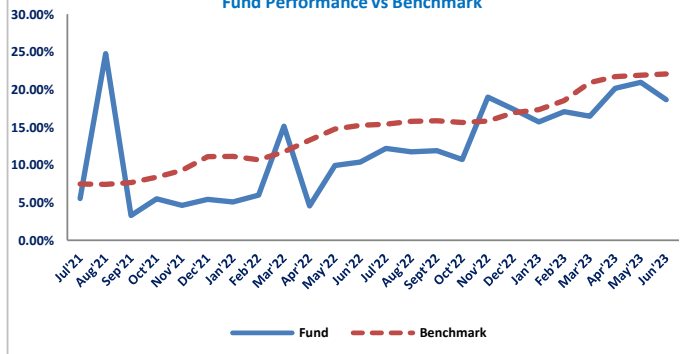
The objective of the Fund is to generate relatively higher yield than the conventional bank deposits, from a portfolio constituted of credit worthy sovereign instruments and banking sector fixed income instruments and deposits.

Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Treasury Bills, PIBs and other Government Securities	N/A	70% - 100%
Cash and near cash instruments which include cash in Bank Accounts (excluding TDRs), GOP Ijara Sukuk and Treasury Bills not exceeding 90 days maturity both.	A-	10% - 100%
Term Deposits/placements with Banks Reverse Repo Transactions against Government Securities	A+	0% - 15%
Listed or privately placed Term Finance Certificates/Sukuks issued by Banks	A+	0% - 10%
Subject to SECP or other regulatory approvals, the Scheme may seek to invest in foreign fixed income securities issued, listed or otherwise and traded outside Pakistan on such terms, guidelines and direction as may be issued by SECP and the State Bank of Pakistan from time to time	A- or as may be specified by the Commission at the time of approval	0% - 30%
Any investment, which has been authorized by the commission.	A-	0% - 50%

Net Assets

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	213	25	122

Asset Allocation - Jun'23

Credit Quality - Jun'23

Investor Activity (Units in Mn.)

Fund Performance vs Benchmark


Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
Government Securities	0.00%	0.00%	0.00%	Cash	22.12%	36.02%
AAA	65.80%	89.62%	0.03%	T-Bills	50.76%	43.96%
AA+	0.78%	4.78%	0.06%	PIB	15.36%	15.10%
AA	7.19%	70.48%	0.00%	Ijara Sukuk	4.94%	0.00%
AA-	0.00%	0.03%	0.00%	Others	6.81%	4.92%
A+	7.36%	23.66%	0.02%			
A	11.24%	90.57%	0.01%			
A-	0.00%	0.00%	0.00%			
BBB+	0.00%	0.00%	0.00%			
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR	7.50%	26.43%	2.97%			
*Non-rated includes receivables/accruals from securities having a credit rating of not less than A						
Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in year(s)	1.47	2.74	0.03	Total Return	8.71%	17.15%
Duration (In Days)	535	1000	11	Benchmark Return	10.67%	18.14%
				Peer Average	5.67%	16.72%
				Peer Ranking	15/33	9/24

Fund Stability Analysis

The Askari Sovereign Yield Enhancer fund has been assigned a rating of AA-(f). This indicates a high degree of stability in the net asset value of the fund. The fund's risk is considered modest, although it may vary slightly due to changing economic conditions.

Asset Allocation:

The Fund's assets have experienced substantial growth, reaching Rs. 122m as of the end-June'23, compared to Rs. 25m at end-June'22. The Fund has encountered several instances of non-compliance with stipulations outlined in the Offering Document (OD). Specifically, the Fund failed to meet the minimum cash requirement of 10% during both Oct'22 and Jun'23. Additionally, it has recurrently violated the minimum requirement to allocate 70% of its assets in government securities, resulting in a breach based on the monthly average figure of 59.1%.

Credit Quality:

While ASYE continues to maintain a minimum credit rating of A- as outlined in the Offering Document (OD), a significant portion of the Assets Under Management (AUMs) has been allocated to 'A' rated securities. This allocation has led to a deterioration in credit quality and violation from compliance with the VIS benchmark for the assigned rating. Going forward, adherence to the VIS credit risk methodology will be important for rating.

Market and Liquidity Risk: Weighted Average Maturity (WAM) of the fund is capped at 5 years; while modified duration cannot exceed 3 years as per OD. The Fund complied with the aforementioned stipulation during FY23. Nearly entire AUM base comprises of retail investors with top 10 investor concentration is also on the higher side, standing at 99.6% as of June'23, indicating high liquidity risk profile.

Fund Performance:

The Fund has surpassed its peer average return, however, falling short of benchmark return during FY23. Relative to peers, the fund has continue to be placed in the second quartile.

Financial Snapshot			
BALANCE SHEET		FY22	FY23
Paid Up Capital		N/A	N/A
Total Equity		N/A	N/A
INCOME STATEMENT		FY22	FY23
Total Income		14.6	44.0
Profit Before Tax		10.1	40.9
Profit After Tax		10.1	40.9
RATIO ANALYSIS		FY22	FY23
Current Ratio (x)		N/A	N/A
Gearing (x)		N/A	N/A
FFO		N/A	N/A
Regulatory Disclosures			
Name of Rated Fund	Askari Sovereign Yield Enhancer	Sector	Mutual Funds
Type of Relationship	Solicited	Purpose of Rating	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	27-Dec-23	AA-(f)	Reaffirmation
Fund Stability	4-Jan-23	AA-(f)	Upgrade
Fund Stability	3-Mar-22	A+(f)	Downgrade
Fund Stability	31-Dec-20	AA-(f)	Upgrade
Fund Stability	26-Nov-19	A+(f)	Reaffirmation
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.		
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2023 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.		
Rating Methodology	https://docs.vis.com.pk/docs/FundstabilityRating.pdf		
Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

Lead Analyst	Analyst
Muhammad Amin Hamdani	Syed Ilyas Afridi
amin.hamdani@vis.com.pk	ilyas.afridi@vis.com.pk

Note: VIS' mutual fund rating is not a recommendation to buy, sell, or hold any fund, in as much as it does not comment as to suitability for a particular investor.