

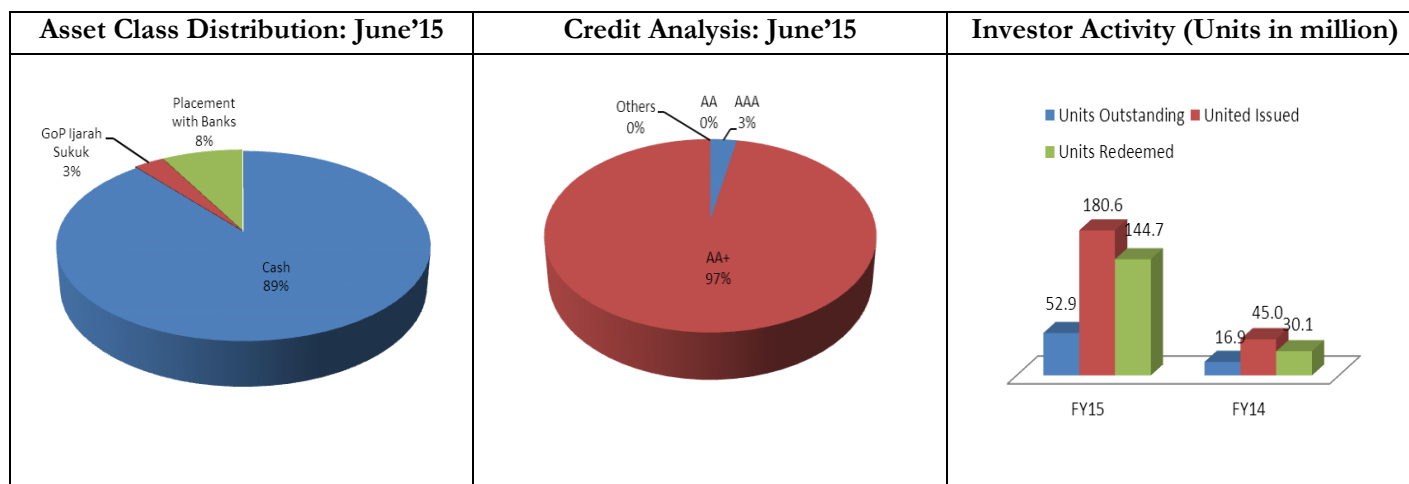
January 19, 2016

Analyst: Talha Iqbal
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Investment Objective

To provide to provide high liquidity and competitive returns to investors while seeking preservation of capital through investment in low risk and Shariah Compliant instruments

Al-Ameen Islamic Cash Fund (Formerly UBL Islamic Cash Fund)		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f)	AA(f)
	Jan 6, 2016	June 2, 2014
Management Company	UBL Fund Managers Ltd	
Fund Manager	Mr. Wahaj Aslam	
External Auditors - Fund	BDO Ebrahim and Co	
Trustee	Central Depository Company Ltd.	
Front-end Load	Nil	
Back-end Load	Stepped-down structure (Growth Units)	
Management Fee	10% of the Gross Earnings subject to a min. fee of 0.5% of net assets and a maximum fee of 1% of net assets.	
Benchmark	Weighted average of 12-month deposit rates of three different Islamic Banks	



Al-Ameen Islamic Cash Fund was launched in September'2012 as UBL Islamic Cash Fund. The fund's name was subsequently changed as part of a re-branding strategy. The fund is managed by UBL Fund Managers Limited (UBL FM) with Management Quality Rating of 'AM2+', signifying high management quality.

Size of the fund witnessed growth over the course of FY15, with net assets amounting to Rs. 5.3b at end-FY15 (FY14: Rs. 1.7b). In terms of month-end figures, considerable variation was witnessed in the fund size during the outgoing year. The fund size stood at Rs. 4.3b at end-November'2015.

According to Investment Policy Statement (IPS), the fund's investment avenues constitute Islamic money market instruments with a minimum issuer/issue rating of AA. Only exception to this rule include Islamic money market instruments related to NBFCs and Modarabas', which are

subjected to a minimum rating of AAA. The minimum cash and equivalents limit has been set at 25%. No change was witnessed in the IPS, pertaining to asset allocation during the outgoing year.

Table 1: Prescribed Asset Allocation of AICF (% of Total Assets)

	Minimum Limit	Maximum Limit	Minimum Rating
Cash & equivalents	25%	100%	AA
Sukuk	0%	70%	AA
Commercial paper	0%	50%	AA
Placements	0%	50%	AA
Others	0%	0%	AA

Majority of the funds were held in the form of cash and bank deposits throughout FY15. Average proportion of total assets deployed in cash and bank deposits amounted to 78.3% and 17.6%, respectively. Maximum exposure in

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GoP Ijarah Sukuk was witnessed at end-October’2014 with 18% of the total assets comprising exposure to the same.

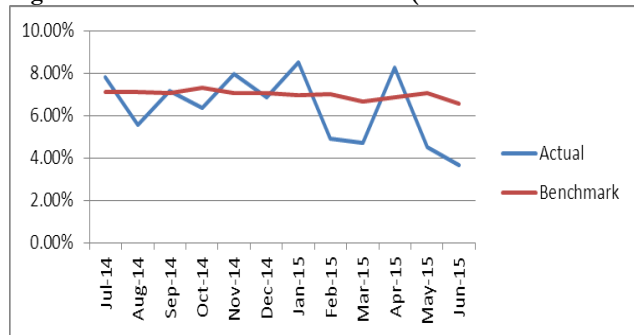
Table 2: Actual Asset Allocation of AICF (% of Total Assets)

	End-FY15	Average FY15
Sukuk	3%	2%
Commercial Paper	-	-
Placements with banks	8%	18%
Cash	88%	78%
Others	0%	2%

Weighted Average Maturity (WAM) of the fund is capped at 90 days, while single asset maturity can extend up to 6 months. At end-FY15, AICF’s WAM was 12 days. Throughout FY15, WAM of the fund remained below the stipulated ceiling. Maximum WAM of 76 days was recorded at end-July’2014.

The fund is benchmarked against 3-month average placement rates of 3 AA-rated Islamic Banks. The fund underperformed the benchmark posting a return since inception of 6.57% vis-à-vis the benchmark return of 7.03%. Sizeable variation was evident in terms of monthly performance of the fund in comparison to the benchmark during FY15. The fund outperformed the benchmark in 5 months during FY15, while the remaining months demonstrated underperformance.

Figure 1: AICL Historical Performance (Actual vs. Benchmark)



Unit holder concentration remains high, with top 10 investors holding 98% of the outstanding units at end-FY15. Related party unit-holding remained sizeable at end-FY15 JCR-VIS

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
06-Jan-16	AA(f)			Reaffirmed
02-Jun-14	AA(f)			Initial

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