

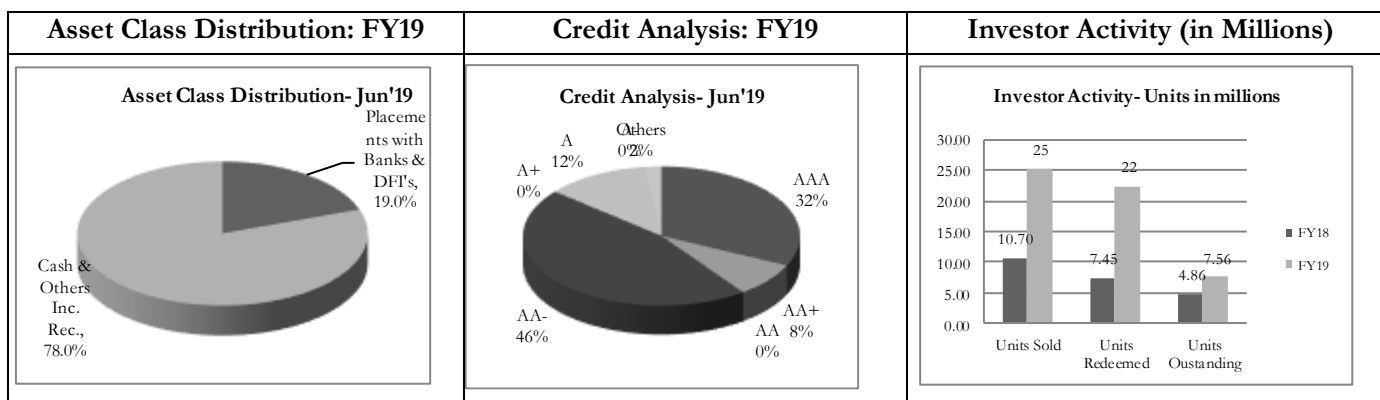
Date: January 02, 2020

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Investment Objective

To provide a competitive rate of return to its investors by investing in quality TFCs/Sukuk, Government Securities, Bank Deposits and short-term debt instruments.

UBL Income Opportunity Fund (Formerly UBL Financial Sector Bond Fund)		
Rating Category	Latest	Previous
Fund Stability Rating	A- (f) <i>Dec 31, 2019</i>	A-(f) <i>Dec 31, 2018</i>
Management Company	UBL Fund Managers Limited	
Fund Manager	Mr. Syed Suleman Akhtar, CFA	
External Auditors – Fund	Ernst & Young Ford Rhodes Sidat Hyder & Co.	
Trustee	Central Depository Company	
Front-end Load	1.5%	
Management Fee	10% of gross earnings (with min fee of 0.25% and max of 1.5% pa of net assets)	
Benchmark	Average of 6M KIBOR rates	



UBL Income Opportunity Fund (UIOF) was launched in March 2013, with an aim to offer competitive returns to the investors through investment in sovereign securities, corporate TFC's/Sukuk and money market instruments.

Net assets of the fund increased to Rs. 833m (FY17: Rs. 557m) during FY19. However, fund size declined to Rs. 511m at end-November 2019.

The Offering Document (OD) of the fund restricts exposure in A- rated or above securities and Government securities.

Table 1: Investment Policy Statement

	Minimum Exposure	Maximum Exposure	Rating
Cash & Equivalents	25%	100%	A & Above
Debt Securities (TFCs, Sukuks, Commercial Paper)	0%	75%	AA & Above
Debt Securities (TFCs, Sukuks, Commercial Paper)	0%	10%	A- to AA-
GOP Securities	0%	100%	N/A
TDR < 6 months	0%	75%	Investment Grade & Above
TDR > 6 months	0%	15%	Investment Grade & Above
MTS & Spreads	0%	40%	N/A

Actual asset allocation has been in-line with the investment policy during the review period. Exposure in cash remained the highest, accounted for 78% of total assets. Given the asset allocation, credit risk exposure is considered manageable.

Table 2: Actual Asset Allocation

Asset Class Distribution	Jun'18	Jun'19
Corporate Sukuk	4%	3%
MTS Exposure	34%	0%
Placements with Banks & DFI's	0%	19.0%
Cash & Others Inc. Rec.	62.0%	78.0%

Weighted Average Maturity (WAM) of the fund's assets has been capped at 4 years whereas duration of the fund can extend up to 1.5 years. In line with investment mandate, weighted average maturity (WAM) of the fund remained at less than four years. Maximum WAM of 0.135 years (FY18: 0.067) were reported at end-FY19. Hence the fund complied with its requirements.

The fund's return has been benchmarked against 6-month KIBOR. The fund underperformed against benchmark during FY19 with actual return of 11.05% (FY18: 4.31%) against a benchmark of 12.93% (FY18: 6.23%). The fund has been ranked 11th out of 20 funds at end-FY19.

With exposure of the fund primarily in high liquid assets, liquidity profile of the fund is considered adequate.

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
RATING TYPE: Fund Stability				
31-Dec-19	A-(f)			Reaffirmed
31-Dec-18	A-(f)			Reaffirmed
29-Dec-17	A-(f)			Reaffirmed
30-Dec-16	A-(f)			Reaffirmed
07-April-16	A-(f)			Initial

FINANCIAL SUMMARY		<i>(amounts in PKR millions)</i>	
<u>BALANCE SHEET</u>		FY18	FY19
Paid Up Capital		NA	NA
Total Equity		NA	NA
<u>INCOME STATEMENT</u>			
Total income		23	145
Profit Before Tax		16	118
Profit After Tax		16	118
<u>RATIO ANALYSIS</u>			
Net Cash Generated from Operating Activities		(181)	264
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA