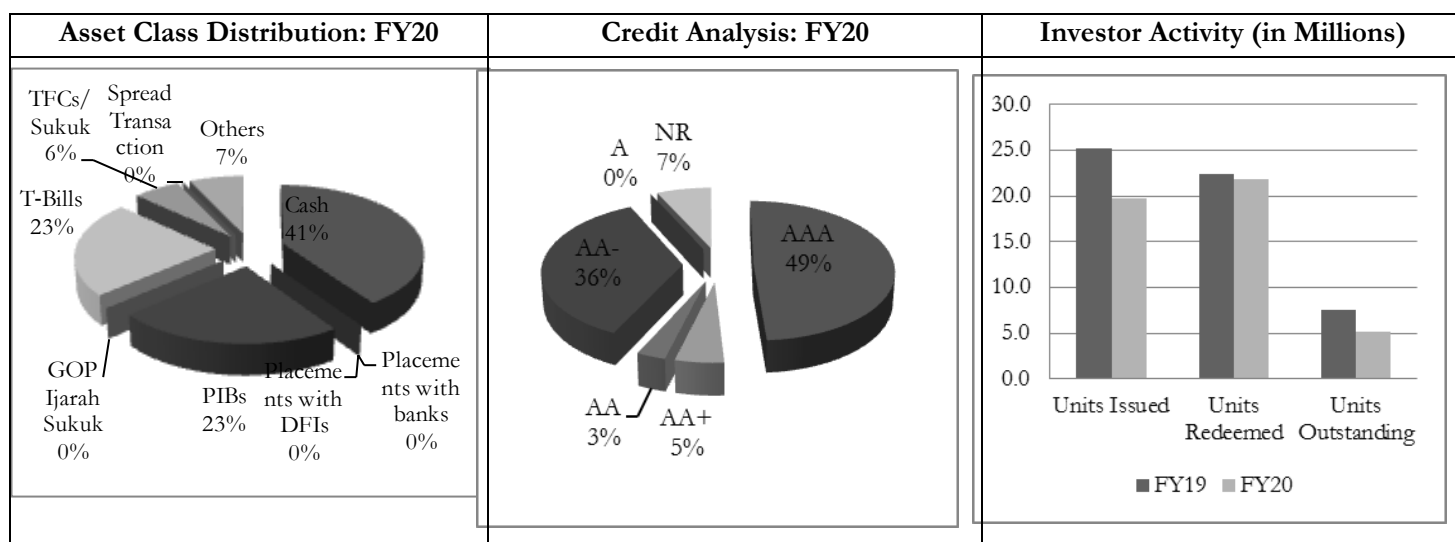


Date: January 8, 2021

Analyst:	Arsal Ayub, CFA Batoool Zaidi
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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		
Rating Category	Latest	Previous
Fund Stability Rating	AA-(f)	A(f)
	Jan 1, '21	Oct 16, '20
Management Company	UBL Fund Managers Limited	
Fund Manager	Mr. Syed Sheeraz Ali	
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) is an open-ended income fund managed by UBL Fund Managers Limited with a management quality rating of AM1. The fund’s objective is to provide its investors with competitive returns through investments in short and long term debt instruments including government securities, bank deposits and Sukuks.

Net assets of the fund witnessed a fluctuating trend throughout the period. At end-June’20 fund size declined to 607mn (FY19 833mn) however highest growth in the net asset profile of the fund was reported in Apr’20 closing at 1,006mn.

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

Asset Allocation

During FY20, the fund managed to park 40% of its assets in cash and 46% in government securities while remaining 6% and 7% comprised of Sukuk and others. Month-on-month average analysis manifests a decline in cash holdings while exposure in government securities has increased. The fund's IPS and offering document restrict minimum 25% exposure in cash and maximum 30% in others; deviations have been observed in the actual asset allocation plan of the fund during FY20.

Actual Asset Allocation

Asset Class Distribution	Jun'19	Jun'20	Average
Cash	77%	40%	47%
Corporate Sukuk	3%	6%	6%
T-bills	0%	23%	20%
PIBs	0%	23%	11%
Spread Transaction	0%	0%	1%
Placements with Banks & DFI's	19.0%	0%	7%
Others	2%	7%	9%

Credit Quality

The fund's IPS restricts exposure in A- or above rated debt instruments and government securities, the fund deployed approximately 40% of its assets in AAA rated securities and 39% AA- rated securities during FY20. Barring the month of Jan'20, UIOF complied with the stipulated credit quality requisites for the assigned ratings.

Credit Quality	Average	Maximum	Minimum
AAA	40%	83%	6%
AA+	9%	28%	1%
AA	3%	3%	2%

AA-	39%	77%	7%
A	1%	12%	0%
NR	9%	36%	1%

Liquidity Profile:

At end-Jun'20 individual investors increased to 693 (FY19 386) and amounted to approximately 89% of total net assets while investment by corporates declined to 11% (FY20 77%) During the year, approximately 73% of the fund's total asset base comprised of liquid placement while top 10 investors constituted to 42% of net AUMs at end-FY20.

Modified Duration

Weighted Average Maturity (WAM) of the fund's assets shall be no longer than 4 years whereas duration of the fund has been updated to 1.25 year(s) WAM and duration of the fund remained in line with the investment policy guidelines for the assigned ratings.

Fund Performance

The fund's return has been benchmarked against average of 6-month KIBOR rate; UIOF generated an annual return of 15.78% outperforming its benchmark of 12.10% also higher than its peer average. At end-June'20 the fund was ranked 3rd out of a total of 19 funds.

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
RATING TYPE: Fund Stability				
1-Jan-21	AA-(f)			Upgrade
16-Oct-20	A(f)			Upgrade
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>		FY19	FY20
Paid Up Capital		NA	NA
Total Equity		NA	NA
<u>INCOME STATEMENT</u>			
Total income		145	105
Profit Before Tax		16	91
Profit After Tax		16	91
<u>RATIO ANALYSIS</u>			
Net Cash Generated from Operating Activities		264	(177)
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA