

UBL Income Opportunity Fund (UIOF)

Managed By: UBL Fund Manager Limited

Fund Stability Rating

Latest Rating

AA-(f)

9-Jan-25

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

Launch Date	March 29, 2013
Fund Type	Open End
Category	Income
Risk Profile	Medium
Auditor	BDO Ebrahim & Co.
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Upto 1.5%
Back-end Load	Nil
Benchmark	Average of 6M KIBOR rates
MQR Rating	AM1 (VIS)
Mgt. Fee	Up to 2.5% of daily net assets not to exceed max. TER regulatory limit

Fund Overview

UBL Income Opportunity Fund (the Fund) is an open-end, income fund constituted under a Trust Deed entered into on March 29, 2013, between UBL Fund Managers Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

The investment objective of the Fund is to provide a competitive rate of return to its investors by investing in quality TFCs / Sukuks, Government Securities, Bank Deposits, and short and long term debt instruments.

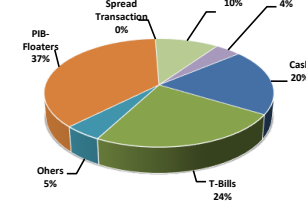
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Government Securities	N/A	0%-100%
Debt Securities including TFCs, Sukuks & Commercial Paper	AA & Above	0%-75%
Debt Securities including TFCs, Sukuks & Commercial Paper	A-to AA-	0%-10%
Term Deposit Receipts less than 6 months	Investment Grade & Above	0%-75%
Term Deposit Receipts above 6 months	Investment Grade & Above	0%-15%
MTS & Spread Transaction	N/A	0%-40%
Cash and Near Cash instruments which include cash in bank account (excluding TDRs), Treasury Bills & GoP Ijara Sukuk not exceeding 90 days maturity	Investment Grade & Above	25%-100%
Non-Traded Securities including Reverse Repo, Bank Deposits, Money Market Placements, Certificate of Investment (COI), Certificate of Musharka (COM), Certificate of Deposit (COD) less than 6 months	Investment Grade & Above	0%-75%
Non-Traded Securities including Reverse Repo, Bank Deposits, Money Market Placements, Certificate of Investment (COI), Certificate of Musharka (COM), Certificate of Deposit (COD) above 6 months	Investment Grade & Above	0%-15%
Any other securities or Instruments that may be permitted or approved under SECP Rules & Regulations or any other directive from time to time.	Investment Grade & Above	0%-30%

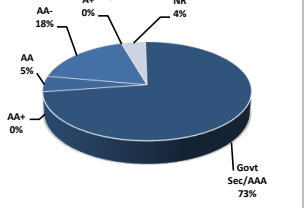
Net Assets

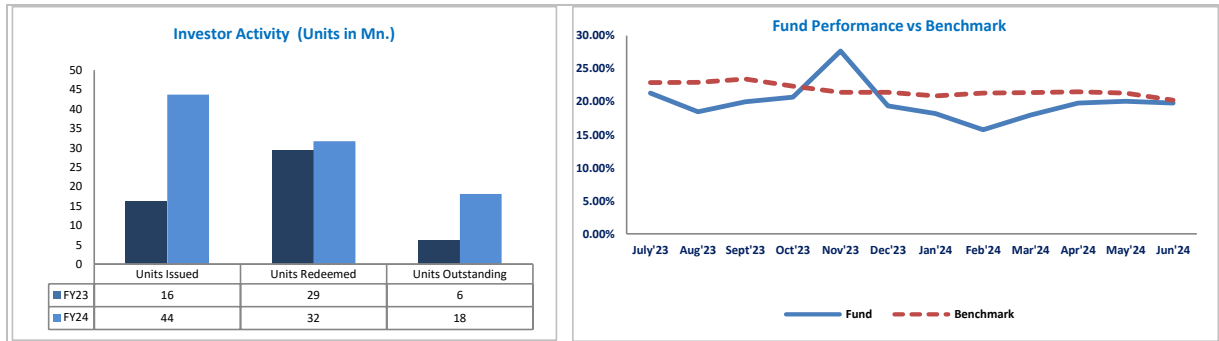
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR Millions)	2,111	668	1,997

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg.
Govt Sec/AAA	61.51%	87.06%	33.09%	Cash	29.55%	27.72%
AA+	2.02%	9.24%	0.00%	Commercial Papers	2.81%	0.00%
AA	7.05%	11.43%	4.21%	T-Bills	8.79%	25.43%
AA-	24.39%	56.87%	2.90%	Placement with Banks	2.33%	0.62%
A+	0.03%	0.11%	0.00%	PIB-Fixed	1.91%	5.75%
A	0.00%	0.00%	0.00%	PIB-Floaters	28.08%	14.40%
A-	0.00%	0.00%	0.00%	GOP Ijarah Sukuk	0.00%	8.54%
BBB+	0.00%	0.00%	0.00%	Spread Transaction	0.09%	0.00%
BBB	0.00%	0.00%	0.00%	TFCs/Sukuks	21.79%	15.74%
BBB-	0.00%	0.00%	0.00%	Others	4.65%	4.65%
NR	4.65%	7.06%	2.63%			

*Non-rated includes receivables/accruals from securities having a credit rating of not less than A+

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	2.01	2.97	1.00	4.00	Total Return	16.13%	21.84%
Duration (In Days)	135	193	22	180	Benchmark Return	18.21%	21.76%
					Peer Average	16.72%	21.38%
					Peer Ranking	17/24	18/26

Fund Stability Analysis	
<p>The UBL Income Opportunity Fund has been assigned a rating of AA-(f) for fund stability. This rating indicates a high degree of stability in Net Asset Value (NAV) with a modest level of risk that may vary slightly due to changing economic conditions.</p>	
<p>Asset Allocation: During FY24, the Fund's Assets Under Management (AUM) grew significantly by approximately 113%, reaching Rs. 2.0 billion as of June 2024, compared to Rs. 0.7 billion in June 2023. According to the offering document, the Fund is required to maintain a minimum exposure of 25% in cash deposits. While this requirement was met on an average basis, with cash deposits comprising ~28% of the Fund's portfolio, the Fund failed to comply with this mandate in September 2023, October 2023, January 2024, and May 2024. The Fund remained compliant with the other mandates outlined in the offering document, allocating the remainder of its portfolio to T-Bills (~25%), PIB-Floaters (~14%), TFCs/Sukuks (~16%), and PIB-Fixed (~6%).</p>	
<p>Credit Quality: As per the offering document, the Fund permits credit exposures in investment-grade and higher avenues. However, management has internally set a stricter benchmark, limiting investments to a minimum rating of A-. During FY24, the Fund's credit quality improved, with AAA-rated exposures accounting for approximately 62% of the portfolio, up from ~45% in FY23. Similarly, allocations to AA- rated assets increased to ~24% (FY23: ~16%), while the remaining investments were deployed in AA and AA+ rated assets. Cash balances were maintained with AAA and AA- rated institutions. Exposures classified as 'Not Rated' represent receivables from the sale of securities or accrued profits.</p>	
<p>Market and Liquidity Risk: As per the offering document, the weighted average time to maturity (WAM) shall not exceed 4 years, and the Fund has adhered to this requirement, with the average WAM reported at 2.01 years.</p>	
<p>The Fund's portfolio is predominantly held by retail investors, accounting for ~71% of the investments as of Jun'24, with the remaining portion represented by corporate investors. Additionally, client concentration risk is considered moderate, with the top ten investors holding ~53% of the AUM as of Jun'24.</p>	
<p>Fund Performance. During FY24, the Fund yielded an annualized return of 21.84%, outperforming both its benchmark as well as peer average. However, the Fund is positioned in the third quartile relative to its peer.</p>	

Financial Snapshot		
BALANCE SHEET	FY23	FY24
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY23	FY24
Total Income	232.1	367.8
Profit Before Tax	206.2	336.5
Profit After Tax	206.2	336.5
RATIO ANALYSIS	FY23	FY24
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	UBL Income Opportunity Fund	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 Rating	9-Jan-25	AA-(f)	Reaffirmed
Fund Stability Rating	29-Dec-23	AA-(f)	Reaffirmed
Fund Stability Rating	29-Dec-22	AA-(f)	Reaffirmed
Fund Stability Rating	13-Jan-22	AA-(f)	Reaffirmed
Fund Stability Rating	6-Jan-21	AA-(f)	Upgrade
Fund Stability Rating	16-Oct-20	A(f)	Upgrade
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 2025 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
Shaheryar Khan Mangan	Zainab Imran
shaheryar@vis.com.pk	zainab.imran@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.