

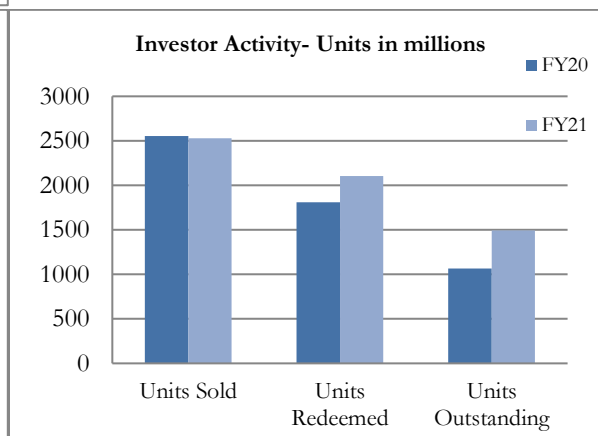
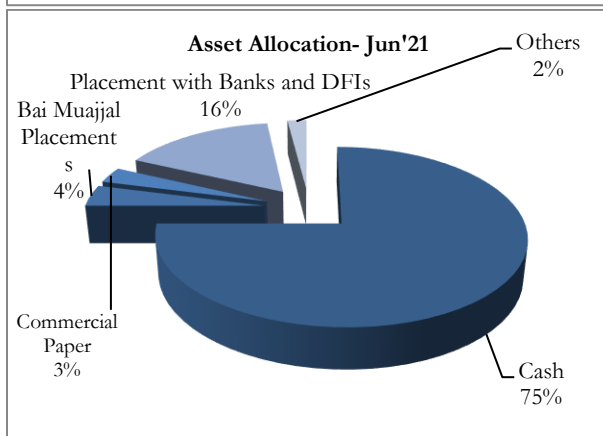
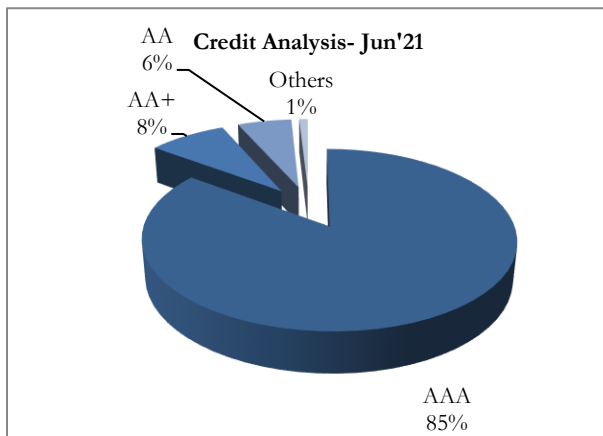
Date: December 27, 2021

Analysts: Asfia Aziz

Investment Objective

To meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments

Meezan Rozana Amdani Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA+(f)	AA+(f)
	Dec 27, 2021	Jan 12, 2021
AMC	Al-Meezan AMC	
External Auditors – Fund	A.F. Ferguson & Co. Chartered Accountants	
Trustee	CDC	
Front-end Load	0%	
Back-end Load	0%	
Management Fee	Up to 3.5% of Gross Earnings subject to min floor of 0.10% of net asserts per annum and max cap of 0.75% of net assets per annum	
Benchmark	Three months average deposit rates of three AA rated scheduled Islamic Banks or Islamic windows of conventional bank as selected by MUFAP.	



Launched in December 2018, Meezan Rozana Amdani Fund (MRAF) is a Shariah Compliant, open-end fund that aims to provide a daily payout through investing in specified Islamic money market instruments. The daily pay-out is reinvested offering high liquidity.

Maintaining its historical trend, net assets witnessed a multi-fold growth and stood at Rs. 73.2b (June'20: Rs. 53.4b) at end-June'21. However, with greater redemptions in the ongoing year, the size of the fund reduced to Rs. 45.9b at end-Oct'21. At present, MRAF is the largest fund in terms of fund size contributing around 28% (FY21: 39%) of the AUM base at end-Oct'21.

Investment Committee (IC) comprises of key personnel from top management along with representatives from investment, research and risk management department.

Offering document (extract)

Description	Min rating	Min- Max Limits
Secured, unsecured, Listed, Unlisted and privately placed Shariah Compliant money market securities including sukuk issued by Federal Govt. , Provincial Govt. , Local Govt. , Govt. Agencies, Autonomous Bodies, public sector entities, and private sector entities.	AA or Above	0-90%
Shariah compliant Money market instruments such as Islamic TDR, Islamic Commercial Paper, Certificate of Islamic Investments (COII), Certificates of Musharaka (CoM), Islamic Certificates of Deposit (CoD), etc. with Islamic Commercial Banks and Islamic DFIs or Islamic windows of Commercial banks and DFIs.	AA	0%-90%

Cash and Cash equivalents: Shariah compliant Government Securities with 90 days maturity and cash with Islamic banks/Windows of Islamic Banks	AA and Above	0%-100%
Shariah Compliant Placements of funds (including TDR, PLS Saving deposit, COD, COM, COI, Money Market Placements and other clean placements of the funds) with all microfinance banks, non-banking finance companies and Modarabas	AAA	0%-25%
Shariah Compliant Government Securities	AAA	0%-90%
Any other Shariah Compliant instruments/securities that may be permitted or approved by the SECP and Shariah Advisor of the Scheme from time to time	AA	0%-As specified by SECP

Asset Allocation:
Asset Class Distribution:

Asset Allocation (% of Total Assets)	Average FY20	Average FY21	Jun'21
Cash	68.3%	61.1%	75.00%
Bai Muajjal Placements	11.6%	17.8%	4.00%
Commercial Paper	1.8%	5.1%	3.00%
Placement with Banks and DFIs	9.9%	12.9%	16%
Others	8.4%	3.1%	2.00%
Total	100.00%	100.00%	100.00%

During the year, fund has remained primarily invested in cash and bank placements with remaining exposure comprising Bai Mujjal, commercial paper, and other receivables. Actual asset allocation has been maintained in line with the policy limits stipulated above.

Credit Quality:

Credit Quality

Credit Quality	Average	Maximum	Minimum
AAA	70.8%	85.2%	58.8%
AA+	14.1%	21.4%	8.2%
AA	14.1%	21.5%	5.7%
Others	1.0%	1.4%	0.6%
Total	100%	100%	100%

As per VIS guidelines, the fund has largely remained complied with minimum exposure of 50% in AAA rated investments in the outgoing year. Average allocation in AAA rated investments was recorded at 71%. Moreover, in accordance with the offering documents guidelines, the fund since its launch has complied with exposure in minimum AA rated investments.

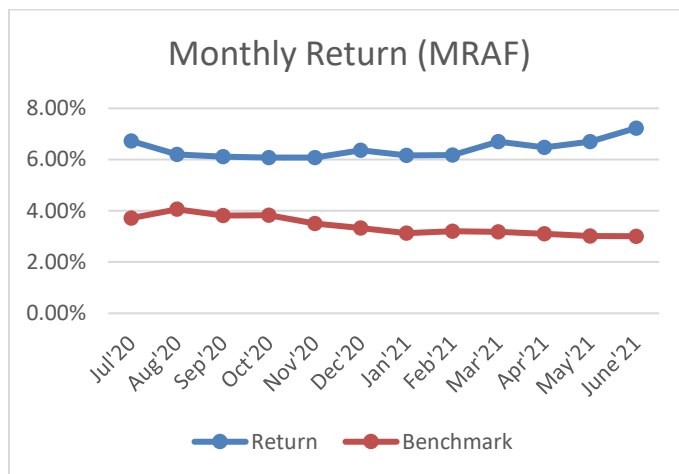
Market Risk:

With major investments in cash placements, modified duration remained within the limit of 60 days as per the assigned rating and within 90 days as per the offering document. Highest duration was recorded in August'20 at 47 days.

Liquidity Profile:

During the period under review, investor base grew considerably and was reported at 4,030 investors (Dec'19: 2,763 investors) investors at end-Jun'21. Unrelated corporates held 75% of the fund's total asset base while retail investors constituted 23% (FY20: 18%) during FY21. The fund features concentration with top 10 investors representing 52% (FY20: 67%) of total AUMs as at end-Jun'21, which exposes the fund to redemption pressure Improvement in the same will be important for ratings.

Fund Performance:



Fund Performance:

Performance	FY20	FY21	Oct'21 YTD
Total Return	11.76%	6.61%	7.58%
Quartile	Q1	Q1	Q2
Peer Ranking	3/9	4/14	5/15
Benchmark Return	5.37%	3.41%	3.25%
Peer Average	10.88%	6.02%	7.31%

During the period under review, fund returns have noticeably outperformed the benchmark rates as well as the peer average return; at end-June'21 the fund posted an annualized return of 6.61% against its benchmark of 3.41%. Relative to its peers, the fund's ranking was maintained in the first quartile during FY20 and FY21. However, the performance deteriorated and the return of the fund was placed in the second quartile in the ongoing year relative to the peers.

Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	December 27, 2021	AA+(f)	Reaffirmed
Fund Stability	January 12, 2021	AA+(f)	Upgrade
Fund Stability	June 30, 2020	AA(f)	Reaffirmed
Fund Stability	May 16, 2019	AA(f)	Initial

<u>BALANCE SHEET</u>	FY20	FY21
Paid Up Capital	NA	NA
Total Equity	53,350.9	74,704.3
<u>INCOME STATEMENT</u>		
Total Income	3,850.8	3,232.3
Profit Before Tax	3,537.7	2,925.4
Profit After Tax	3,537.7	2,925.4
<u>RATIO ANALYSIS</u>		
Current Ratio (x)	NA	NA
Gearing (x)	NA	NA