

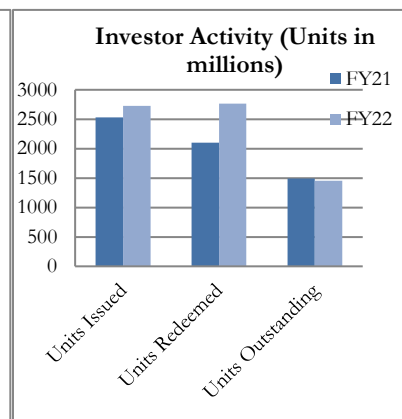
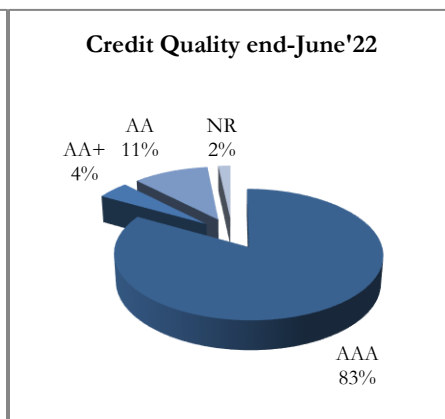
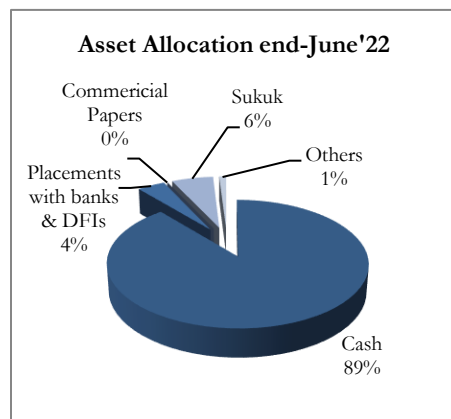
Date: January 03, 2023

Analyst: Musaddeq Ahmed Khan

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)
	Jan 03, 2023	Dec 27, 2021
AMC	Al-Meezan AMC	
External Auditors – Fund	E.Y. Ford Rhodes, 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 assets 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	



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.

As at Jun'22, the fund net asset decreased to Rs. 71.7b (Jun'21: Rs. 73.2b). At present, MRAF is the largest fund in terms of fund size contributing around 31.2% (Jun'22: 37.3%; Jun'21: 38.7%) of the AUM base as of Oct'22.

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 sukuks issued by Federal Govt. , Provincial Govt. , Local Govt. , Govt.	AA or Above	0-90%

Agencies, Autonomous Bodies, public sector entities, and private sector entities.		
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	10%-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 FY21	Average FY22	Jun'22
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Cash	61.1%	72.5%	89.0%
Bai Muajjal Placements	17.8%	8.5%	0.0%
Commercial Paper	5.1%	3.7%	0.0%
Placement with Banks and DFIs	12.9%	11.1%	4.0%
Sukuk	-	3.1%	6.0%
Others	3.1%	1.2%	1.0%
Total	100.0%	100.0%	100.0%

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	75.2%	84.6%	65.3%
AA+	7.7%	11.7%	0.9%
AA	16.0%	23.0%	5.4%
Others	1.1%	1.7%	0.7%
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 75.2% (Jun'21: 71%) as of Jun'22. Moreover, in accordance with the offering documents guidelines, the fund since its launch has complied with exposure in minimum AA rated investments.

Market Risk:

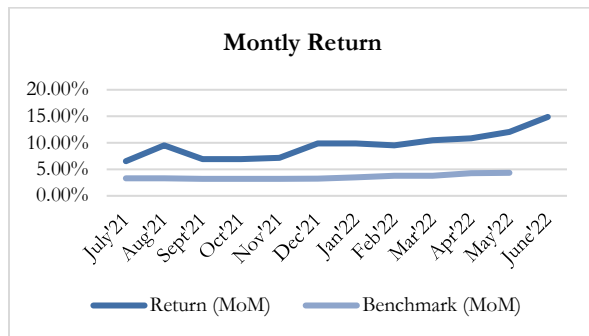
With major investments in cash placements, modified duration remained within the limit of 60 days as per the assigned rating and within 90 days as per the offering document. Highest duration was recorded in August'21 at 28 days.

Liquidity Profile:

During the period under review, investor base grew considerably and was reported at 5,491 investors (Jun'21:

4,030 investors) as of Jun'22. Unrelated corporates held 65.6% (Jun'21: 75.2%) of the fund's total asset base while retail investors constituted 34.4% (Jun'21: 23.5%) as of Jun'22. The fund features concentration with top 10 investors representing 40.8% (Jun'21: 51.6%) of total AUMs as at Jun'22, which leave room for improvement.

Fund Performance:



Fund Performance:

Performance	FY21	FY22	Oct'22 YTD
Total Return	6.61%	9.95%	14.36%
Quartile	Q1	Q1	Q2
Peer Ranking	4/14	4/14	11/21
Benchmark Return	3.41%	3.68%	5.61%
Peer Average	6.02%	9.69%	14.00%

During the period under review, fund returns have noticeably outperformed the benchmark rates as well as the peer average return, however relative ranking of the fund remain the same as of Jun'22.

<u>BALANCE SHEET</u>	FY21	FY22
Paid Up Capital	NA	NA
Total Equity	74,704.3	72,759.9
<u>INCOME STATEMENT</u>		
Total Income	3,232.3	4,966.6
Profit Before Tax	2,925.4	4,946.4
Profit After Tax	2,925.4	4,946.4
<u>RATIO ANALYSIS</u>		
Current Ratio (x)	NA	NA
Gearing (x)	NA	NA

ISSUE/ISSUER RATING SCALE & DEFINITIONS

Appendix I

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: FUND STABILITY RATING SCALE**AAA(f)**

Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions

AA+(f), AA(f), AA-(f)

High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economics conditions

A+(f), A(f), A-(f)

Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy

BBB+(f), BBB(f), BBB-(f)

Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy

BB+(f), BB(f), BB-(f)

Low degree of stability in NAV. Risk factors are sensitive to changes in the economy

B(f)

Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy

The FSR scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings.

FSRs may be placed under 'Rating-Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate re-evaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating-Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating-Watch' may result in a rating change, while the rating continues to be placed under 'Rating-Watch'.

REGULATORY DISCLOSURES		Appendix I		
Name of Rated Fund	Meezan Rozana Amdani Fund			
Sector	Mutual Funds			
Type of Relationship	Solicited			
Purpose of Rating	Fund Stability Rating (FSR)			
Rating History	Rating Date	Medium to Long Term	Outlook	Rating Action
	January 03, 2023	AA+(f)		Reaffirmed
	December 27, 2021	AA+(f)		Reaffirmed
	January 12, 2021	AA+(f)		Upgrade
	June 30, 2020	AA(f)		Reaffirmed
	May 16, 2019	AA(f)		Initial
Instrument Structure	N/A			
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.			
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