

Meezan Rozana Amdani Fund (MRAF)
Managed By: Al-Meezan Investment Management Limited
Fund Stability Rating
Latest Rating
AA+(f)
27-Dec-23
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

Auditor	EY Ford Rhodes, Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Nil
Back-end Load	Nil
Benchmark	3 Months average deposit rates of 3 AA rated Islamic Banks
MQR Rating	AM1 (VIS)
Mgt. Fee	Up to 3.5% of gross earnings subject to minimum floor of 0.10% of net assets p.a. and maximum cap of 0.75% of net assets p.a.

Fund Overview

Meezan Rozana Amdani Fund (the Fund) is an open-end money market fund constituted under a Trust Deed entered into on Dec 28, 2018, between Al-Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

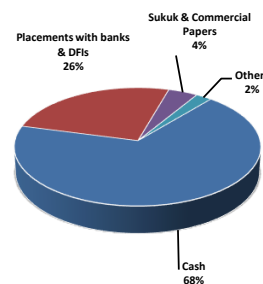
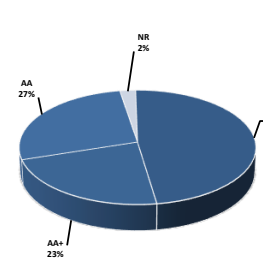
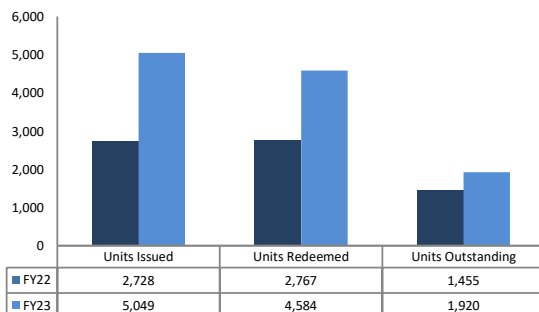
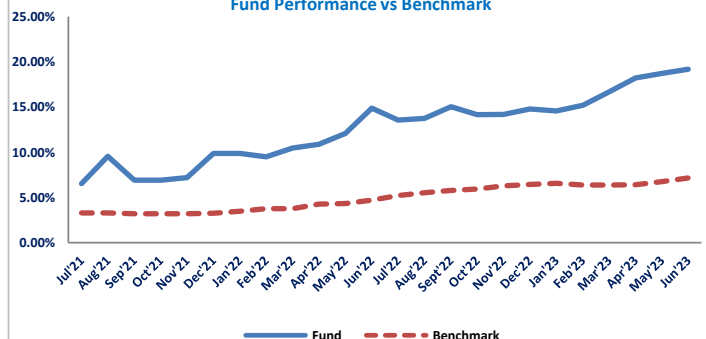
The objective of the scheme is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah compliant money market instruments.

Offering Document (Extract)

Description	Minimum 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 (Bank Deposit)	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, nonbanking finance companies and Modarabas	AAA	0%-25%
Shariah Compliant Government Securities	AAA	0%-90%
Any other Shariah compliant investment which may be authorized by the Fund's Shariah Advisors and SECP	AA	0%-As Specified by SECP

Net Assets

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	73,221	71,689	95,337

Asset Allocation - Jun'23

Credit Quality - Jun'23

Investor Activity (Units in Mn.)

Fund Performance vs Benchmark


Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
Government Securities	0.00%	0.00%	0.00%	Cash	72.50%	62.04%
AAA	60.22%	76.60%	39.69%	Placements with banks & DFIs	11.08%	24.58%
AA+	17.97%	24.50%	10.42%	Bai Muajjal Placement	8.50%	4.37%
AA	20.18%	38.75%	5.70%	Sukuk & Commercial Papers	6.75%	7.39%
AA-	0.00%	0.00%	0.00%	Others	1.17%	1.62%
A+	0.00%	0.00%	0.00%			
A	0.00%	0.00%	0.00%			
A-	0.00%	0.00%	0.00%			
BBB+	0.00%	0.00%	0.00%			
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR	1.63%	2.34%	1.35%			
Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in year(s)	0.04	0.07	0.02	Total Return	9.95%	16.83%
Duration (In Days)	16	25	7	Benchmark Return	3.68%	6.23%
				Peer Average	9.69%	16.78%
				Peer Ranking	4/14	11/17

Fund Stability Analysis

The Meezan Rozana Amdani Fund has been assigned a rating of AA+(f) for fund stability. This rating indicates a high degree of stability in the net asset value (NAV) of the fund, with modest risk that may vary slightly due to changing economic conditions.

Asset Allocation:

As of Jun'23, the fund net asset increased to Rs. 95.3b (Jun'22: Rs. 71.7b). The fund has remained within the asset allocation parameters as identified in the offering document, with portfolio comprising of cash (62.0%), placements with banks and DFIs (24.6%), bai muajjal placement (4.4%), sukuk and commercial paper (7.4%) and others (1.6%) in FY23.

Credit Quality:

The credit risk criteria of the fund also fall within the guidelines stipulated in our methodology for the assigned rating, with 60.2% of the net asset allocated to AAA rated instruments while the remaining of the investments are placed in AA+ (18.0%) and AA (20.2%) rated securities. Moreover, in accordance with the offering documents guidelines, the fund, since its launch, has complied with exposure in minimum AA rated investments.

Market and Liquidity Risk:

The Weighted Average Maturity (WAM) is capped at 90 days, and during FY23, the fund achieved maximum WAM of 25 days in Sept'22. Overall investor base has exhibited growth, nearly tripling in size and reaching 15,913 (June'22: 5,491) investors as at June'23. The retail clients proportion has increased to 45.2% as of June'23 (June'22: 34.4%). Resultantly, the fund's concentration has also improved with the top 10 investors representing 26.6% (June'22: 40.8%) of the fund's holdings as of June'23.

Fund Performance:

The fund's performance in FY23 has shown a total return of 16.83%, outperforming the benchmark return of 6.41% and the peer average of 16.78%. However, relative peer ranking of the fund has dropped and position in third quartile.

Financial Snapshot			
BALANCE SHEET		FY22	FY23
Paid Up Capital		N/A	N/A
Total Equity		N/A	N/A
INCOME STATEMENT		FY22	FY23
Total Income		4,966.6	13,779.7
Profit Before Tax		4,946.4	13,142.4
Profit After Tax		4,946.4	13,142.4
RATIO ANALYSIS		FY22	FY23
Current Ratio (x)		N/A	N/A
Gearing (x)		N/A	N/A
FFO		N/A	N/A
Regulatory Disclosures			
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 Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	27-Dec-23	AA+(f)	Reaffirmed
Fund Stability	3-Jan-23	AA+(f)	Reaffirmed
Fund Stability	27-Dec-21	AA+(f)	Reaffirmed
Fund Stability	12-Jan-21	AA+(f)	Upgrade
Fund Stability	30-Jun-20	AA(f)	Reaffirmed
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.		
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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