

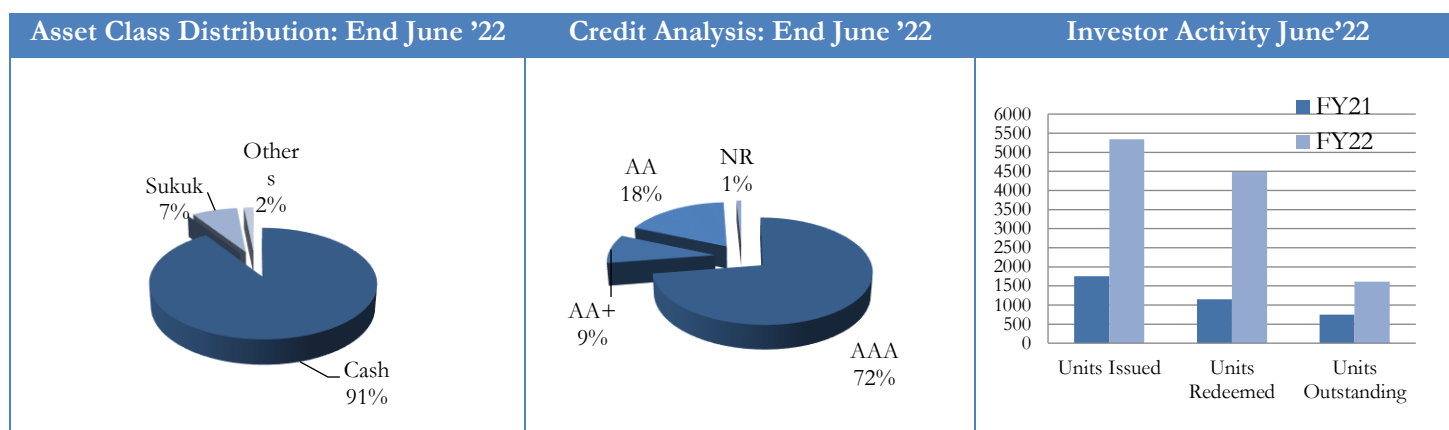
December 30, 2022

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**Investment Objective**

To provide investors, with competitive returns by investing in low risk and highly liquid Shariah compliant money market instruments

ABL Islamic Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>AA+ (f)</b> 30 Dec 2022	<b>AA+ (f)</b> 18 Jan 2022
Management Company	ABL Asset Management Company Limited (ABL AMC)	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	Upto 1%	
Back-end Load	Nil	
Management Fee	0.10% p.a. of Net Assets	
Benchmark	*Average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of Conventional Banks	



ABL Islamic Cash Fund (ABL-ICF) is an open ended shariah compliant money market fund launched in Feb'2020, with an aim to provide investors with competitive returns by investing in low risk and highly liquid Shariah compliant money market instruments.

In order to cater to its mandate, the fund maintains low exposure to risk. The fund's Investment Policy Statement (IPS) restricts exposure in below 'AA' rated instruments. Consequently, pre-defined limits have been stated in order to limit deployment in different asset classes.

Fund size notably increased significantly with net assets amounting to Rs. 16.1b (FY21: Rs. 7.5b) by end-FY22 registering a growth of 113% during the year.

**Table 1: Asset allocation summary**

	Minimum Rating	Min-Max Limits
Shariah Compliant Govt. Securities	AA	0%-90%
Cash and Cash equivalents: Upto 90 days Shariah compliant Government Securities and Placement of riba free deposits with Islamic banks or Islamic financial institutions or with Islamic branches /windows of other banks or financial Institutions, excluding Term Deposits.	AA and above for Shariah Compliant Bank Deposits	10%-100%
Shariah Compliant money market instruments, TDRs, CP, COII	AA	0%-90%
Letter of Placement (LoP), Certificate of Deposits/Investments (COD/I) and Certificate of Musharika (COM) with any NBFC and Modaraba	AA	0%-90%
Any investment, which is an Authorized Investment under the fund's advisor or by the Commission.	AA	0%-90%

**Asset Class Distribution:**

**Table 2: Asset Allocation Summary**

	Average FY21	Average FY22	End-October'22
Cash	77%	80%	48%
Commercial Papers	4%	4%	0%
Corporate Sukuk	3%	4%	4%
Clean Placements	3%	0%	0%
Bank Deposits	8%	0%	0%
Placement with Banks & DFIs	0%	11%	46%
Others Including Receivables	4%	1%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

During FY22, the fund managed to park majority of its assets in cash placements, other investment avenues comprise of bank and DFI placements, commercial paper and corporate Sukuks. The fund remained compliant with the requirements of its offering document during FY22. However, the fund’s IPS states that ABL ICF is restricted to take minimum 10% exposure in bank placements for which the fund fell below the stipulated limit at many instances during FY22, nevertheless, overall cash and bank exposure was reportedly 80% on average basis during FY22.

**Credit Quality:**

**Table 3: Credit Quality Summary**

	Average	Maximum	Minimum
AAA	69%	92%	43%
AA+	7%	13%	1%
AA	23%	47%	4%
Others	2%	4%	1%

On a monthly average basis, the fund’s exposure in ‘AA’ rated instruments was recorded at around 23% while ‘AAA’ rated exposure was recorded at 69% and 7% in ‘AA+’ rated issue/issuer during FY22. End-June’22, more than 3/4<sup>th</sup> of the fund’s assets were placed in ‘AAA’ rated avenues depicting sound credit quality. There have been no breaches; the fund complied with VIS’s criteria and the specified limits stated in the Investment Policy Statement (IPS).

**Market Risk:**

The Weighted Average Maturity (WAM) of the fund is capped at 90 days for the purpose of countering any adverse movement in the benchmark rate. During the year maximum and minimum WAM was reported at 25 and 2 day(s) respectively. There was no breach in the WAM of the fund.

**Liquidity Profile:**

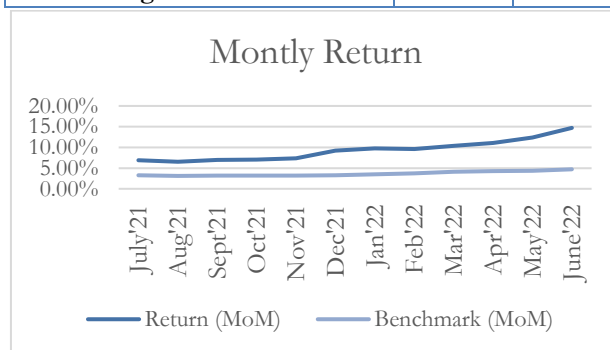
The fund managed to preserve 80% of its assets in cash balances during FY22. Total number of investors increased to 751 from 317 at end-June’22. End-June’22 retail investors of the fund account for 91% (FY21 86%) of the investment portfolio while while the remaining comprise of 9% corporate investors. Top-10 investor concentration of the fund was reported to be 69% of the total AUMs in FY22 (FY21: 71%)

**Performance Summary:**

Performance of the fund is benchmarked against an equally weighted average deposit rate of 3 ‘AA’ rated Islamic banks or Islamic windows of conventional banks. Peer rankings of the fund stood at 7th out of a total of 14 funds for FY22, the fund generated an annualized return of 9.78% outperforming its benchmark return and peer average on timeline basis.

**Table 5: Performance summary**

Performance	FY21	FY22
<b>Total Return</b>	6.62%	9.78%
<b>Benchmark Return</b>	3.42%	3.99%
<b>Relative Ranking</b>	1/9	7/14
<b>Peer Average</b>	5.74%	9.69%



<b>BALANCE SHEET (Rs. in millions)</b>	<b>FY21</b>	<b>FY22</b>
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<b>INCOME STATEMENT</b>		
Total Income	303	1,261
Profit Before Tax	285	1,229
Profit After Tax	285	1,229
<b>RATIO ANALYSIS</b>		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A

**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		
<b>Name of Rated Fund</b>	ABL Islamic Cash Fund			
<b>Sector</b>	Mutual Funds			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Fund Stability Rating (FSR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Outlook</b>	<b>Rating Action</b>
	30-Dec-22	AA+ (f)		Reaffirmed
	18-Jan-22	AA+(f)		Upgraded
	31-Dec-20	AA(f)		Reaffirmed
	17-Sep-20	AA(f)		Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
<b>Probability of Default</b>	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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