

Date: 04 October, 2023

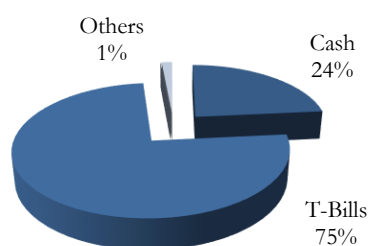
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Investment Objective

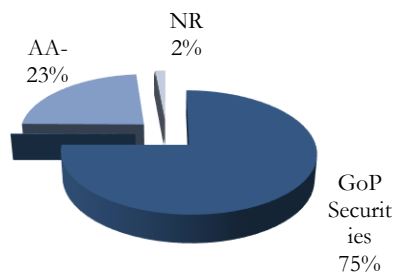
The objective of the scheme is to provide competitive returns by investing primarily in Government Securities

Faysal Government Securities Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f)	AA(f)
	04 Oct, 2023	01 Aug, 2022
AMC	Faysal Asset Management Company Limited	
External Auditors – Fund	A. F. Ferguson & Co., Chartered Accountants	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	Up to 2% of NAV	
Back-end Load	Nil	
Management Fee	Upto 1% of Average Annual N.A. (Actual rate of management fee charged is 0.20%)	
Benchmark	Six Months PKRV Rate	

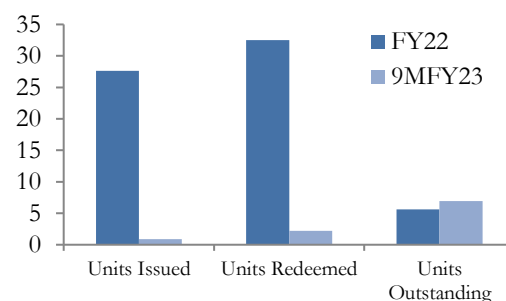
Asset Allocation end-June'23



Credit Quality end-June'23



Investor Activity Units in millions



Faysal Government Securities Fund (FGSF) is an open-ended income fund with an aim to provide competitive returns by investing primarily in Government Securities

The fund was launched in March 2020. As per the Offering Document (OD) of the fund, credit exposure is restricted to at least AA- issue/issuer. The Investment Committee (IC) comprises the Chief Executive Officer, Interim Chief Investment Officer, Chief Financial Officer, Fund Manager, Acting Head of Research, Head of Internal Audit and Compliance, and Acting Head of Risk Management. All decisions are consensus-based.

In FY23, the fund's average size dropped to Rs. 113m (FY22: Rs. 525m). The fund size mostly stayed below Rs. 110m during the year, except for August, April, May & June. Furthermore, it peaked at about Rs. 138m in May 2023.

Table: Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Government Securities issued and / or Guaranteed by GOP including Reverse Repo against Government Securities.	N/A	70%-100%
Cash in Bank Accounts (excluding TDR) and T-Bills & PIB not exceeding 90 days Maturity	AA-	0% -30%* in case of cash in bank accounts & 0% to 100% in case of T-bills of less than 90 days
Reverse Repo against Government Securities	N/A	0-90%
Deposit with Scheduled Banks & DFI's including TDR's, Letter of Placement (LOP), Certificate of Deposit (COD) and Certificate of Musharakah (COM)	AA- for Banks and DFIs	0%-30%
Deposits in Current, PLS Saving Deposit, Term Deposits Receipt (TDR), Certificate of Deposits (COD), Certificate of Investments (COI), Certificate of Musharakah (COM), Money Market Placement and Clean Placement with Microfinance Banks.	AA-	0-25%
Certificate of Deposits (COD), Certificate of Investments (COI), Certificate of Musharakah (COM), Money Market Placement and Clean Placement with NBFs and Modarabas.	AA-	0-25%
Spread Transactions and MTS as approved by the Stock Exchanges and the SECP	NA	0-20%
Commercial Paper	AA-	0%-20%
TFC/Sukuks	AA-	0%-20%
MTS & Spread Transactions	NA	0%-20%
Any instrument / securities which is an authorized investment under the trust deed or which is allowed by the SECP	AA- or above	As may be allowed by the commission

Asset Allocation:

Table: Asset Class Distribution:

Asset Allocation	Average FY22	Average FY23	June'23
Cash adjusted for accruals	28.5%	34.4%	23.5%
T-bills	50.5%	64.5%	75.0%
PIBs	2.3%	0.0%	0.0%
Commercial Paper	17.1%	0.0%	0.0%
Others	1.5%	1.1%	1.5%
Total	100%	100%	100%

Per the Offering Document (OD), at least 70% of AUMs should be invested in Government Securities. This requirement was not met, with exposure averaging ~67% of net assets (monthly average). In FY23, about 65% of the fund's assets were in T-bills, up from 51% in FY22. PIBs and commercial papers were phased out by FY23. This shift indicates a cautious risk approach, favoring liquidity and short-term holdings.

Credit Quality:

Table: Credit Quality

Credit Quality	Average FY23	Maximum	Minimum
AAA	64.5%	95.7%	0.0%
AA	0.9%	2.4%	0.0%
AA-	33.2%	99.1%	0.7%
NR	1.1%	1.7%	0.7%

To fulfill its mandate, the fund must invest in instruments rated 'AA-' or above. While largely adhering to the OD guidelines, there were some deviations. In FY23, roughly 65% of the fund's investments were in AAA-rated entities, with the rest in AA (~1%), AA- (~33%), and a small portion in unrated instruments. Compared to FY22, where there was a diverse spread in top-tier securities (AAA, AA), and FY23 saw a higher focus on AA- rated assets and government securities.

Market Risk:

In line with the internal policy, the fund's Weighted Average Maturity (WAM) is limited to 4 years, while its target duration is set at 6 months. Throughout the year, FGSP's WAM and duration stayed within these limits. The peak WAM reached 365 days in May'23, and the longest duration was 62 days in January'23.

Liquidity Profile:

The fund's liquidity profile remains fairly strong given investments mainly concentrated in cash or government securities. While the fund has 14 retail investors and 3 corporate entities, nearly 99.6% of the fund's base as of June'23 comes from corporate investors.

Fund Performance:

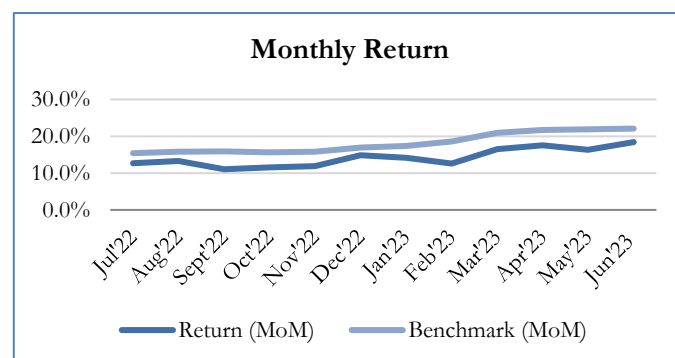


Table: Fund Performance:

Performance	FY21	FY22	FY23
YTD Return	6.8%	8.6%	15.2%
Peer Ranking	NA	28/33	6/9*
YTD Benchmark Return	7.3%	10.7%	18.2%
Peer Average	NA	9.4%	17.0%*

* As per revised relative ranking criteria

The fund's benchmark aligns with the six-month PKRV rate. Historically, over the last three years, the fund has predominantly lagged behind its benchmark. For FY23, FGSP yielded an annualized return of ~15.2%, falling short of its benchmark and peer average. In terms of performance, the fund ranked in the third quartile when compared to its peers.

BALANCE SHEET	FY21	FY22	9M'FY23
Paid Up Capital	N/A	N/A	N/A
Total Equity	N/A	N/A	N/A
INCOME STATEMENT			
Total Income	138.5	37.1	12.5
Profit Before Tax	129.1	37.4	11.1
Profit After Tax	129.1	37.4	11.1
RATIO ANALYSIS			
Current Ratio (x)	N/A	N/A	N/A
Gearing (x)	N/A	N/A	N/A

REGULATORY DISCLOSURES			Appendix
Name of Rated Entity	Faysal Funds (Formerly Faysal Asset Management Company)		
Sector	Mutual Funds		
Type of Relationship	Solicited		
Purpose of Rating	Fund Stability Rating (FSR)		
Rating History	Rating Date	Medium to Long Term	Rating Action
	10/04/2023	AA(f)	Reaffirmed
	08/1/2022	AA(f)	Reaffirmed
	05/18/2021	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.		
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