

Alfalal Government Securities Fund-II (Formerly: Faysal Government Securities Fund) (AGSF-II)

Managed By: Alfalal Asset Management Limited

Fund Stability Rating

Latest Rating

AA(f)

20-Jan-26

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		Fund Overview
Launch Date	March 16, 2020	
Fund Type	Open Ended	
Category	Sovereign Income scheme	
Risk Profile	Low	
Auditor	A.F. Ferguson and Co	
Trustee	Central Depository Conmpany Pakistan Limited	
Front-end Load	Upto 2.0% of NAV	
Back-end Load	Nil	
Benchmark	90% six (6) months PKRV rates + 10% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled Banks as selected by MUFAP.	
MQR Rating	AM1	
Mgt. Fee	Upto 1.5% of average net assets of the scheme	

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 & GOP Ijara Sukuk 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
Reverse Repo (up to six months only) against Government Securities	N/A	0% to 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% to 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 NBFcs and Modarabas	(AA-)	0%-25%
Spread Transactions and MTS as approved by the Stock Exchanges and the SECP;	N/A	0%-20%
Commercial papers	(AA-)	0%-20%
Term Finance Certificates / Sukuk	(AA-)	0%-20%
Authorized investments in overseas markets including mutual funds. Overseas investments would be subject to prior approvals/guidelines of SECP and SBP	(AA-)	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 maybe allowed by the Commission

Fund Overview

The Securities and Exchange Commission of Pakistan (SECP) has authorized Alfalal Asset Management Limited to obtain management rights of Alfalal Government Securities Fund II (AGSF II) (Formerly Faysal Government Securities Fund) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008 ("Regulations") vide letter no. SCD/AMCW/2024/537 dated June 6, 2024.

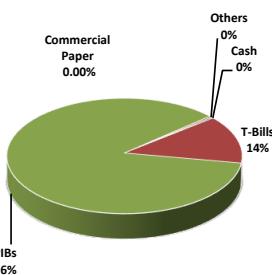
Investment Objective

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

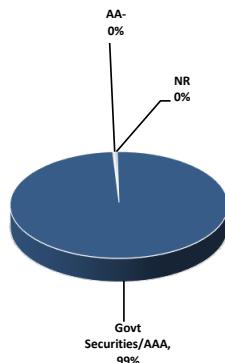
Net Assets

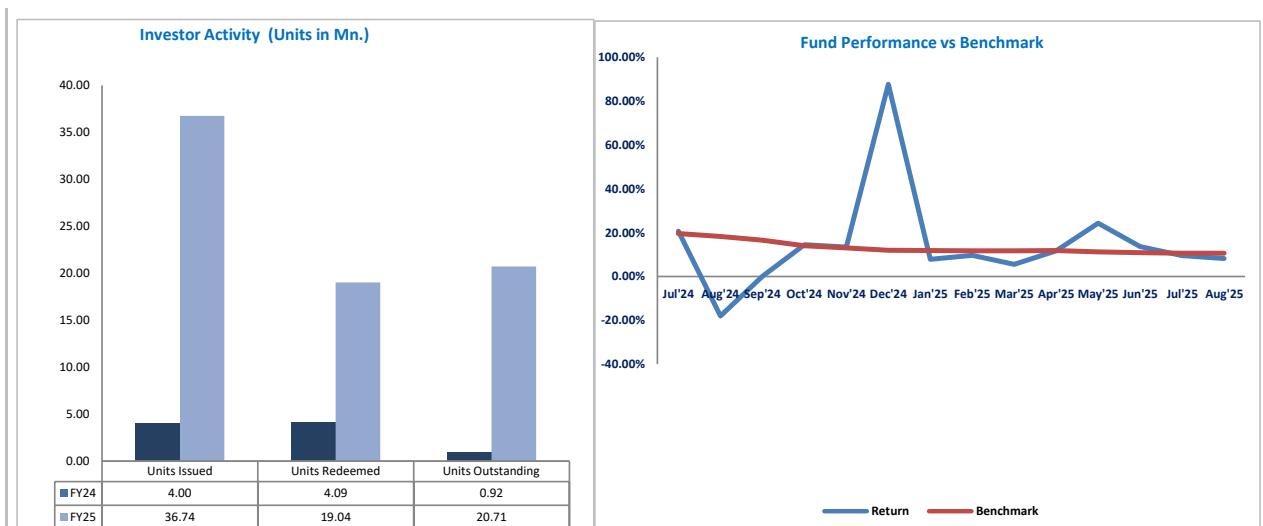
	Jun'24	Jun'25	Aug'25
Net Assets (In PKR' Millions)	116	2,613	3,054

Asset Allocation - Aug'25



Credit Quality - Aug'25





Credit Quality (FY'25)				Avg. Asset Allocation (% wise)		FY'25 Avg	Aug'25
	Average	Maximum	Minimum	Cash			
Govt Securities/AAA	55.19%	99.12%	0.14%	40.04%	0.40%		
AA+	0.07%	90.74%	0.16%	5.56%	10.10%		
AA	1.33%	3.25%	0.00%	49.56%	89.00%		
AA-	38.57%	90.74%	0.16%	4.86%	0.60%		
NR*	4.85%	11.74%	0.20%				

*Non-rated includes receivables/accruals from securities of having a credit rating of not less than A+

Portfolio Maturity (FY'25)	Average	Maximum	Minimum	Benchmark	Fund Performance	YTD Jun'25	YTD Aug'25
WAM in year(s)	1.17	3.58	0.00	4.00	Total Return	16.99%	8.87%
WAM in Days	427	1307	0	1460	Benchmark Return	13.57%	10.65%

Fund Stability Analysis	
<p>Alfalah Government Securities Fund- II ("AGSF-II" or "the Fund") has been assigned Fund Stability Rating of AA (f). The Fund demonstrates high degree of stability in Net Asset Value; Risk is modest but may vary slightly from time to time because of changing economic conditions. The Fund was acquired from Faysal Asset Management Limited, operating previously under the name of Faysal Government Securities Fund. The Fund's Assets under Management (AUM) increased sharply from PKR 125m in Jul'24 to PKR 2,613m as at Jun'25, and further to PKR 3,054m as at Aug'25.</p>	

Asset Allocation:

While the Fund's portfolio remains largely invested in government securities, it has not maintained a 70% exposure on an average basis. On a monthly basis, the Fund breached this requirement from Aug'24 to Dec'24, while remaining compliant in the other months. Overall, investments were concentrated in Pakistan Investment Bonds (PIBs), cash balances, and Treasury Bills, with PIBs constituting the majority portion of the portfolio, followed by cash placements.

Credit Quality:

The Fund's credit quality profile has largely remained within the thresholds defined in the offering document, with exposures placed in AA- and above-rated instruments. During FY25, ~55% of investments were held in Government Securities/AAA rated instruments, while ~38% of the portfolio comprised AA- rated securities. However, following the acquisition of the Fund from Faysal Asset Management Limited in January 2025, the portfolio has been predominantly allocated to Government Securities/AAA-rated avenues, which accounted for an average of ~88% during Jan'25–Aug'25, while exposure to AA- rated instruments declined to a negligible level of ~0.2%. Going forward, maintenance of exposures in and AA- rated instruments will remain important for the assigned rating.

Market and Liquidity Risk:

The Weighted Average Maturity (WAM) of the Fund has increased overtime, with average WAM during FY25 recorded at 306 days, while in Aug'25 it stood at 573 days, in line with the offering document.

Liquidity profile of the Plan is considered sound, with investments primarily held in government securities. The corporate investor base account for nearly 100% of the Fund's portfolio, reflective of elevated concentration risk. However, the Fund's asset allocation strategy, with investments primarily in liquid assets, reduces redemption risk.

Fund Performance:

On a year-to-date (YTD) basis, the Plan outperformed its benchmark as of Jun'25. However, it underperformed as of Aug'25, placing the Fund in the fourth quartile.

Financial Snapshot		
	FY24	FY25
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY24	FY25
Total Income	19.5	163.1
Profit Before Tax	17.5	149.9
Profit After Tax	17.5	149.9
RATIO ANALYSIS	FY24	FY25
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	Alfalah Government Securities Fund-II (Formerly: Faysal Government Securities 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	20/01/2026	AA(f)	Reaffirmed
Fund Stability	28/10/2024	AA(f)	Reaffirmed
Fund Stability	10/04/2023	AA(f)	Reaffirmed
Fund Stability	08/01/2022	AA(f)	Reaffirmed
Fund Stability	18/05/2021	AA(f)	Initial
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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