

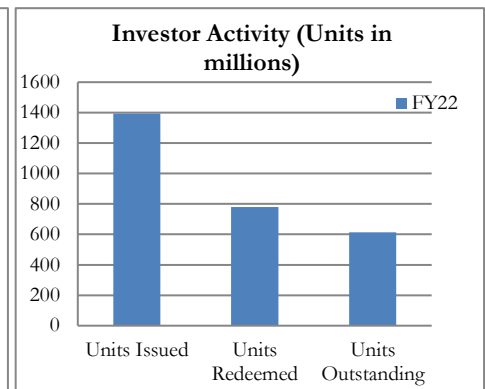
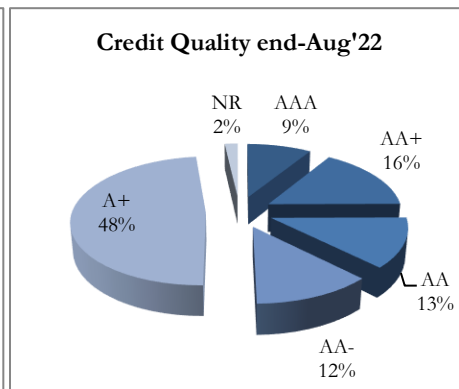
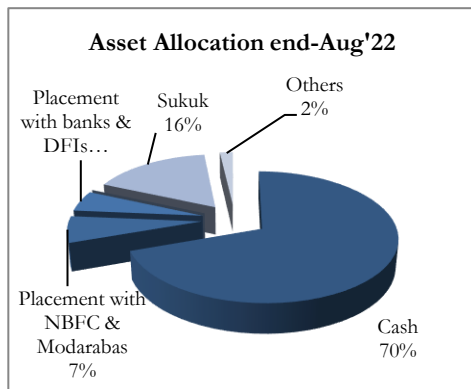
Date: January 19, 2023

Analyst: Musaddeq Ahmed Khan

Investment Objective

Meezan Daily Income Plan-I (MDIP-I) is an Allocation plan under “Meezan Daily Income Fund (MDIF)” with an objective to provide investors with a competitive rate of return, together with daily payout, through investment in Shariah Compliant Fixed Income Instruments.

Meezan Daily Income Plan-I	
Rating Category	Initial
Fund Stability Rating	A+(f)
	January 19, 2023
AMC	Al-Meezan AMC
External Auditors – Fund	E.Y. Ford Rhodes, Chartered Accountants
Trustee	CDC
Front-end Load	Up to 1.5%
Back-end Load	Nil
Management Fee	Up to 5% of Gross Earnings of the scheme calculated on a daily basis (min 0.1% of average daily net assets)
Benchmark	Six months average deposit rates of three A-rated scheduled Islamic Banks or Islamic windows of conventional bank as selected by MUFAP.



Launched in September 2021, Meezan Daily Income Plan-I (MDIP-I) is an Asset Allocation Plan under the Meezan Daily Income Fund (MDIF) scheme which is a Shariah compliant open end Income Scheme. The objective of the plan is to provide investors with a competitive rate of return, together with daily payout, through investment in Shariah Compliant Fixed Income Instruments.

As of Oct'22, Assets under Management (AUMs) of the plan were reported at Rs. 57.0b (Jun'22: Rs. 30.4b).

Investment Committee (IC) comprises key personnel from top management along with representatives from investment and risk management department.

Offering document (extract)

Description	Min rating	Min- Max Limits
Shariah Compliant GOP issued/guaranteed Securities	NA	0%-75%
Cash at Bank (excluding TDRs) with licensed Islamic Banks or Islamic Branches/Windows of Conventional Banks,	A+	25%-100%

Shariah Compliant Government Securities including GoP Ijarah Sukuk not exceeding 90 days maturity.		
Shariah compliant traded/non-traded securities with maturity not exceeding six (6) months, including but not limited to Bank deposits with licensed Islamic banks and/or Islamic branches/windows of Conventional banks, Sukuk and Islamic commercial papers.	AA	0%-75%
Shariah compliant non-traded securities with maturity not exceeding six (6) months, including but not limited to placement of funds with Islamic Microfinance Bank, NBFC and Modarabas.	AA	0%-25%
Shariah compliant non-traded securities with maturity exceeding six (6) months, including but not limited to Bank deposits with licensed Islamic banks and/or Islamic branches/windows of Conventional Banks and placement of funds with Islamic Financial Institutions	AA	0%-15%
Authorized Shariah Compliant Investments outside Pakistan shall be subject to prior approvals and guidelines (if any) of the SECP, SBP and Shariah Advisor	-	0%-As allowed by SECP
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	-	0%-As Allowed by SECP

Asset Allocation:
Asset Class Distribution:

Asset Allocation (% of Total Assets)	Jun'22	Oct'22
Cash	75%	63%
Sukuk & Commercial Paper	14%	13%
Bai Muajjal Placement	-	11%
Placements with NBFC and Modarabs	10%	4%
Placements with Bank and DFIs	-	3%
Others	1%	6%
Total	100.0%	100.0%

As per the plan's Offering Document (OD), minimum investment exposure of at-least 25% of the AUMs have to be parked in cash balances. The plan complied with the stipulations since its inception. As of Oct'22 the plan's major holding was held in Cash followed by Sukuk & Commercial Paper.

Credit Quality:
Credit Quality (Sept'21 - Aug'22)

Credit Quality	Average	Maximum	Minimum
AAA	14.3%	29.2%	3.2%
AA+	11.8%	22.0%	0.0%
AA	9.1%	14.9%	0.0%
AA-	7.7%	19.2%	0.0%
A+	56.2%	96.5%	34.4%
Others	0.9%	1.8%	0.0%

In order to cater to its mandate, the fund is required to invest in instruments that have a minimum credit quality rating of 'A+' or higher. The fund complied with the requirements of the OD during the outgoing year. As per the assigned ratings policy, the fund fails to comply with maximum exposure of 15% in A+ rated investments on MoM basis.

Market Risk:

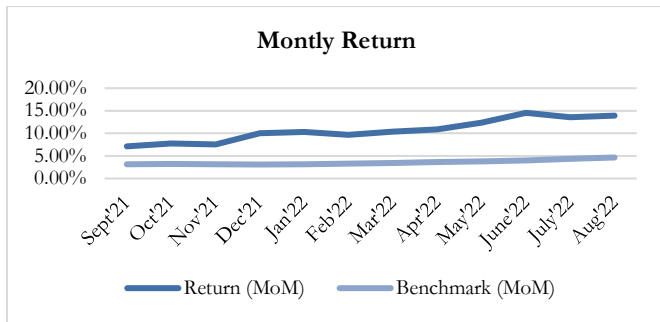
As per the OD, weighted average duration of portfolio of securities shall not exceed 2 years (730 days) and this condition shall not apply to securities issued by the Federal

Government. Since inception, due to sizeable investments in cash placements, modified duration has remained within the stipulations of 2 years reported at 21 days.

Liquidity Profile:

Retail investors comprises a significant share of 85.3% as of Jun'22 (Dec'21: 63.0%). Hence, top 10 investors contribution to the total AUMs was also reported on the lower side at 15.5% as of Jun'22 (Dec'21: 39.1%). Since major investment exposure comprises cash and bank balances, liquidity profile of the plan is considered manageable with, the ability to meet redemptions is considered adequate.

Fund Performance:



Fund Performance:

Performance	Jun'22 YTD	Oct'22 YTD
Total Return	10.58%	14.42%
Quartile	-	Q1
Peer Ranking	-	3/28
Benchmark Return	3.39%	4.90%
Peer Average	8.91%	12.73%

Since inception, fund returns have noticeably outperformed the benchmark rates. As of Oct'22 the fund return was higher than peer average as well. Relative to its peers, the fund's ranking is parked in the first quartile.

<u>BALANCE SHEET</u>	FY21	FY22
Paid Up Capital	NA	NA
Total Equity	NA	30,648.6
<u>INCOME STATEMENT</u>		
Total Income	NA	1,542.1
Profit Before Tax	NA	1,482.2
Profit After Tax	NA	1,482.2
<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 Daily Income Fund Plan-I			
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
	01/19/2023	A+(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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