

Faysal Islamic Sovereign Plan-I (FISP-I)

Managed By: Faysal Asset Management Limited

Fund Stability Rating

Latest Rating

AA(f)

10-Jul-24

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	A.F. Ferguson & Co.
Trustee	Central Depository Company Pakistan Limited
Front-end Load	Upto 2.0%
Back-end Load	Nil
Benchmark	Six (6) months PKISRV rates
MQR Rating	AM2++ (VIS) Upto 1% of Average Annual N.A.
Mgt. Fee	(Actual Rate of Management Fee Charged is 0.90%)

Fund Overview

The Faysal Islamic Sovereign Fund (the Fund/the Scheme/the Trust/the Unit Trust/FISF) has been established through a Trust Deed (the Deed) dated May 26, 2022 under the Trust Act, 2020 entered into and between Faysal Asset Management Limited, the Asset Management Company, and Central Depository Company of Pakistan Limited, the Trustee.

Investment Objective

The Investment Objective of the plan is to generate a competitive return with low risk, by investing primarily in Shariah Compliant Government Securities and Islamic Banks and licensed Islamic Banking Windows of Conventional Banks.

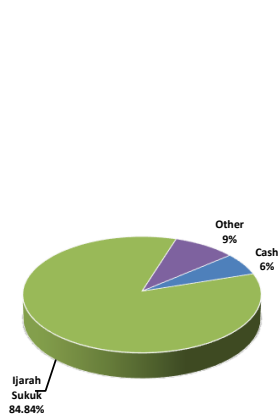
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Shariah compliant fixed income Government Securities (including Sukuks) issued or guaranteed by GoP	N/A	70%-100%
Cash in Bank Accounts (excluding TDR) with Islamic Banks or Islamic windows of Conventional Banks, plus Cash & Near Cash instruments which include short term shariah compliant Government securities having maturity not exceeding 90 days.	(AA-)	10% -30%
Deposits, Certificate of Deposits (CODs), Certificate of Investments (COIs), Certificate of Musharka (COMs) with Microfinance Banks	(AA-)	0% to 20%
Certificate of Deposits (CODs), Certificate of Investments (COIs), Certificate of Musharka (COMs) with NBFCs and Modarabas	(AA-)	0% to 20%
Islamic Commercial paper and any other Shariah compliant non-traded security with maturity of up to 6 months including but not limited to (i) deposits in Islamic Banks and Islamic banking windows of conventional Banks; (ii) Placement of fund under, Musharaka, Mudarabah, Murabaha, Ijarah and Istisna Arrangements with banks and DFIs.	(AA-)	0%-30%
Islamic Commercial paper and any other Shariah compliant non-traded security with maturity exceeding 6 months, including but not limited to (i) deposits in Islamic Banks and Islamic banking windows of conventional Banks; (ii) Placement of funds under, Musharaka, Mudarabah, Murabaha, Ijarah and Istisna arrangements with banks and DFIs	(AA-)	0%-15%

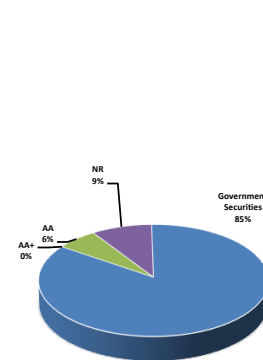
Net Assets

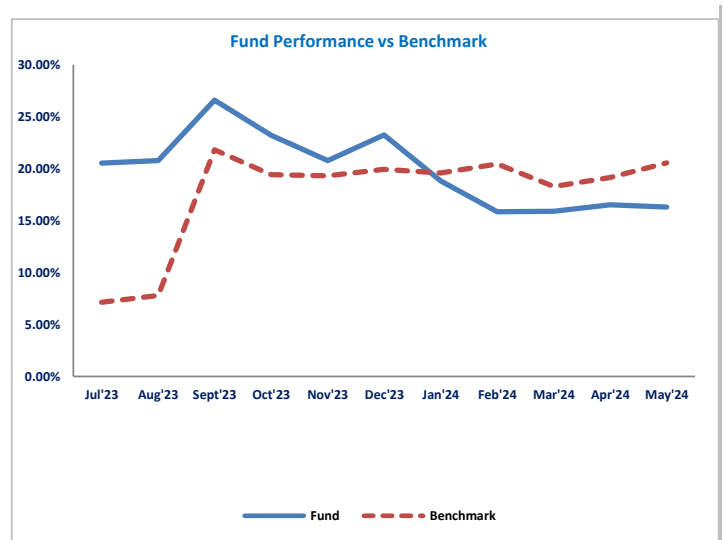
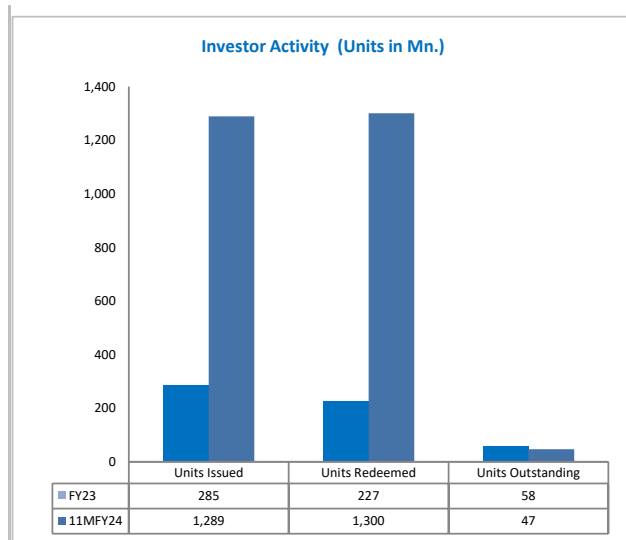
	Jun'22	Jun'23	May'24
Net Assets (In PKR' Millions)	NA	3,215	4,737

Asset Allocation - May'24



Credit Quality - May'24





Credit Quality (May'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	11MFY24 Avg.
Government Securities	75.01%	92.86%	35.80%	Cash	10.20%	17.77%
AAA	0.00%	0.00%	0.00%	Placement with Banks and DFIs	0.00%	1.49%
AA+	0.69%	4.43%	0.00%	Ijarah Sukuk	87.24%	75.01%
AA	19.13%	61.53%	0.06%	Other	2.57%	5.73%
AA-	0.00%	0.00%	0.00%			
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*	5.17%	9.30%	0.50%			

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

Portfolio Maturity (11M'24)	Average	Maximum	Minimum	Fund Performance	June'23	May '24
WAM in year(s)	1.67	3.35	0.27	Total Return	18.77%	21.60%
Duration (In Days)	50	92	5	Benchmark Return	6.74%	20.22%
				Peer Average	0.90%	17.27%
				Peer Ranking	NA	10/39

Fund Stability Analysis

The Faysal Islamic Sovereign Plan-I has been assigned a fund stability rating of AA-(f). This rating indicates a high degree of stability in Net Asset Value; Risk is modest but may vary slightly from time to time because of changing economic conditions.

Asset Allocation:

FISP-I Assets Under Management (AUM) registered an increasing trend since inception and peaking in Dec'23 to Rs. 31.9b, followed by a notable decline starting 2024 to Rs. 4.7b in May'24. During the 11MFY24, the fund's asset allocation strategy shifted to increase the average proportion of cash holdings to 17.77% (FY23: 10.2%). This strategic move aimed to protect against remeasurement losses amid frequent interest rate fluctuations. On average, FISP-I's portfolio is predominantly comprised of Ijara Sukuk, accounting for 78.83% during 16-months, with cash making up about 15.40%, while the rest is placed in placements with banks, DFIs, and others.

Credit Quality:

During the review period, credit quality exposures of FISP-I remained consistent with the VIS rating criteria. Furthermore, the Fund adheres to its mandate, which prohibits investments in instruments rated below AA-. Consequently, all investments have remained in compliance with this restriction.

Market and Liquidity Risk:

As per the stipulations in the Investment Policy Statement (IPS), the weighted average time to maturity (WAM), excluding federal government securities, is mandated not to surpass 4 years while the maximum WAM recorded during the review period stood at 3.35 years. The average modified duration of stood at 50 days, well under the specified limit for the assigned ratings.

As of May'24, the retail portion stands at 42.7%. Consequently, the concentration of the top 10 investors was 52.2% in May'24. FISP-I's strategic liquid asset allocation plan deems its ability to meet redemptions as adequate.

Fund Performance:

FISP-1 outperformed the benchmark return and peer average on YTD and is ranked 10th out of a total of 39 funds.

Financial Snapshot		
BALANCE SHEET	FY23	FY24
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY23	FY24
Total Income	-	-
Profit Before Tax	-	-
Profit After Tax	-	-
RATIO ANALYSIS	FY23	FY24
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	Faysal Islamic Sovereign Plan-I	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	10-Jul-24	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.		
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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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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Note: VIS' mutual fund rating is not a recommendation to buy, sell, or hold any fund, in as much as it does not comment as to suitability for a particular investor.