

Faysal Islamic Sovereign Plan-II (FISP-II)

Managed By: Faysal Asset Management Limited

Fund Stability Rating

Latest Rating

AA(f)

20-Aug-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

Launch Date	January 08, 2024
Fund Type	Open Ended
Category	Shariah Compliant Sovereign Income Scheme (non-equity)
Risk Profile	Low
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)
Mgt. Fee	Upto 2% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1.22%)

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 January 8, 2024 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.

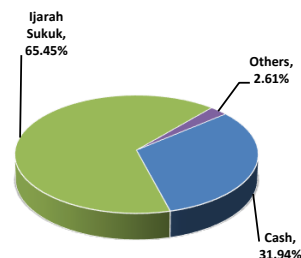
Offering Document (Extract)

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 (Current / Saving / PLS accounts, term 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%

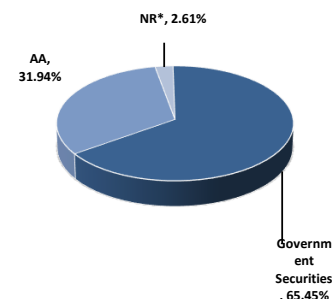
Net Assets

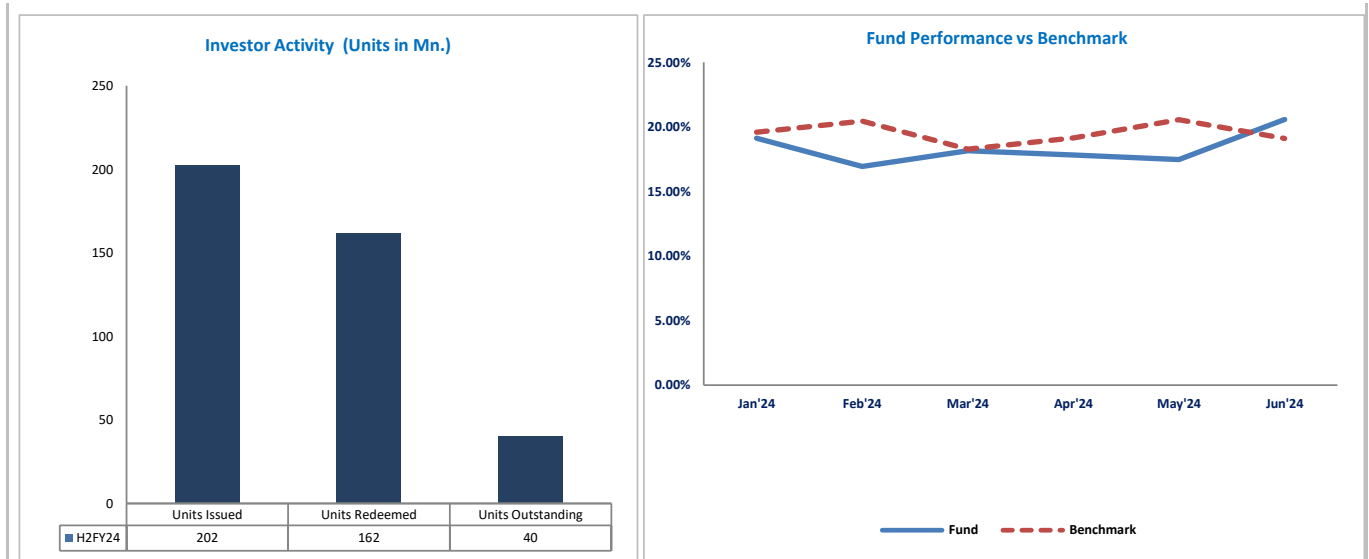
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	-	-	4,054

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (H2FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	H2FY'24 Avg.
Government Securities	78.87%	88.70%	64.00%	Cash	-	11.88%
AA+	3.35%	8.11%	0.00%	Placement with Banks and DFIs	-	3.35%
AA	11.88%	31.94%	1.72%	Ijarah Sukuk	-	78.87%
NR*	5.90%	9.49%	2.61%	Others	-	5.90%

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

Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Benchmark	Fund Performance	Jun'23	Jun'24
WAM in year(s)	2.32	3.25	1.68	4.00	Total Return	NA	18.99%
Duration Actual (In Days)	50	80	16	1460	Benchmark Return	NA	19.57%
					Peer Average	NA	19.16%
					Peer Ranking	NA	32/38

Fund Stability Analysis

The Faysal Islamic Sovereign Plan-II ('FISP-II' or the 'Plan') 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:

Since FISP-II launch in Jan 2024, the Assets Under Management (AUM) peaked to Rs. 11.7b in Feb'24 and only reducing to Rs. 4.1b at the end of June 2024. The Plan's asset allocation within its first six months of launch has remained within the parameters identified in the offering document. On average, FISP-II's portfolio predominantly comprised of Ijara Sukuk, accounting for 78.87%, with cash making up about 11.88%, while the rest was placed in placements with banks, DFIs, and other receivables.

Credit Quality:

As per the plan mandate, investments are to be maintained in AA- and above rated instruments. During the first six months of the plan launch, credit quality exposures of FISP-II has remained consistent with its mandate. On average, about 78% of exposures were invested in government securities while remaining majority exposures were in AA rated instruments.

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 3.25 years. The average modified duration of stood at 42 days, well under the specified limit for the assigned ratings.

As of June 2024, 99.3% of the client portfolio was retail based. Furthermore, the top 10 investors accounted for 38.1% of the total plan. Given the liquid nature of investments, redemption risk is considered manageable.

Fund Performance:

During the first six months of operations, the Plan has underperformed its benchmark rate.

Financial Snapshot

	FY23	FY24
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	-	-
Profit Before Tax	-	-
Profit After Tax	-	-
RATIO ANALYSIS		
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-II	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-Aug-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.		
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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