

Faysal Islamic Sovereign Plan-II (FISP-II)**Managed By: Faysal Asset Management Limited****Fund Stability Rating****Latest Rating****AA(f)****3-Sep-25****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	90% six (6) months PKISRV rates + 10% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.
MQR Rating	AM1 (VIS)
Mgt. Fee	Upto 1.5% 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 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

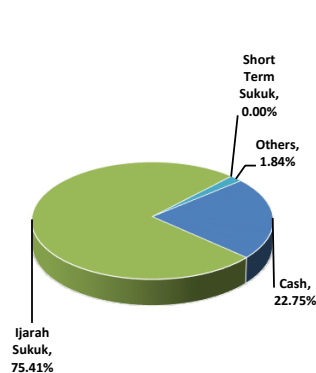
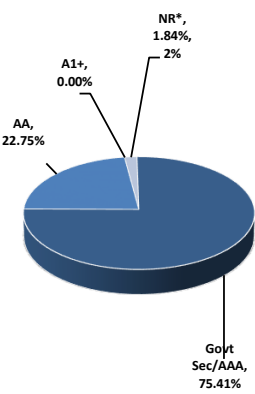
The Investment Objective of the plan is to generate a competitive return with low risk, by investing primarily in Shariah Compliant Government Securities and Islamic Banks and licensed Islamic Banking Windows of Conventional Banks.

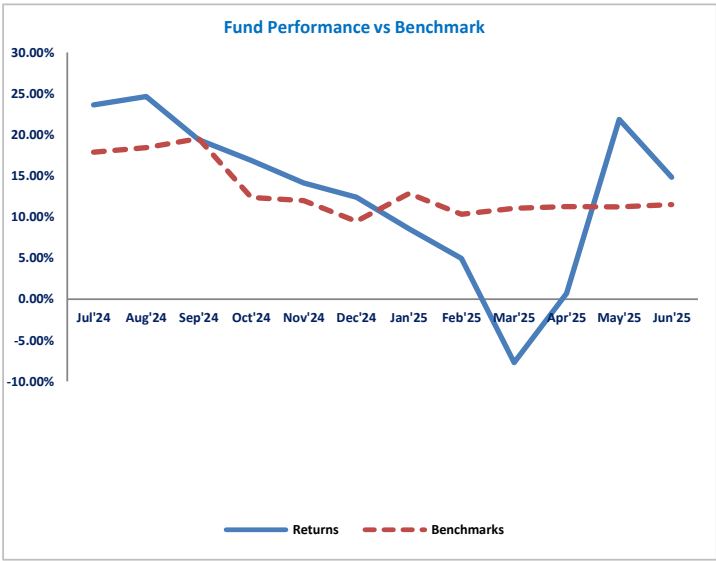
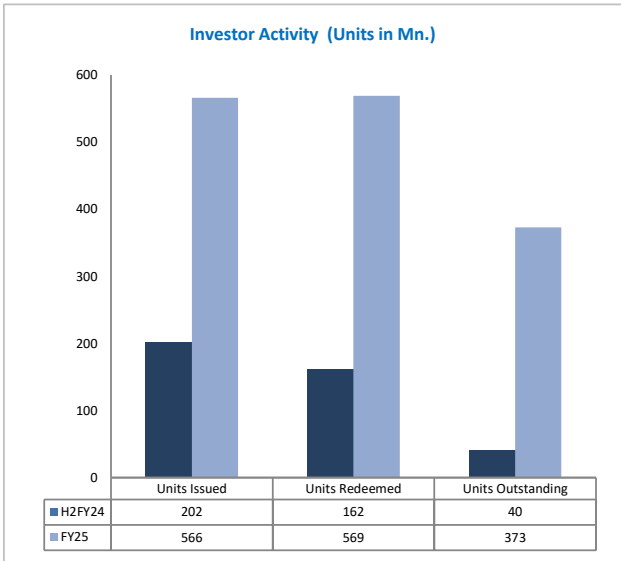
Offering Document (Extract)

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 (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'23	Jun'24	Jun'25
Net Assets (In PKR' Millions)	-	4,054	3,747

Asset Allocation - Jun'25**Credit Quality - Jun'25**



Credit Quality (FY'25)				Avg. Asset Allocation (% wise)		
Average	Maximum	Minimum		H2FY'24 Avg.	FY'25	
Govt Sec/AAA	71.59%	88.70%	64.00%	Cash	11.88%	21.52%
AA+	3.64%	8.11%	0.00%	Placement with Banks and DFIs	3.35%	9.78%
AA	21.88%	31.94%	1.72%	Ijarah Sukuk	78.87%	65.82%
A1+	0.33%	1.38%	0.00%	Others	5.90%	2.57%
NR*	2.57%	4.70%	1.34%			
*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	Jun'24	Jun'25
WAM in year(s)	1.73	2.68	1.15	4.00	Total Return	18.99%	13.67%
Duration					Benchmark Return	19.57%	13.16%
Actual (In Days)	68	120	44	1460	Peer Average	19.16%	13.93%
					Peer Ranking	32/38	23/38

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:

The Assets Under Management (AUM) of the Plan witnessed a peaked in Dec'24, coming in at PKR 43b, before witnessing a substantial decline to PKR 4b by Jun'25. During FY25, the Plan's investment allocations observed breaches in its prescribed investment parameters. Investments in Ijarah Sukuks fell below the minimum requirement of 70% of AUM from Jul'24 to Jan'25. Similarly, cash allocations deviated from the maximum threshold of 30% from Nov'24 to Dec'24, while breaches of the minimum threshold for cash allocations (10%) were observed from Feb'25 to Apr'25. On average, the Plan's portfolio was majorly held in Ijarah Sukuks (~65%), with the remaining allocation in cash, short term sukuk, and other instruments.

Credit Quality:

During the review period, the credit quality of the Plan remained within the parameters outlined in the offering document, with investments primarily in avenues rated 'AA' and above, above the minimum threshold of 'AA-'. These largely comprised Government Securities. Cash balances were maintained with banks rated 'AA' and above.

Market and Liquidity Risk:

As per the investment policy statement (IPS), the weighted average time to maturity (WAM) is capped at 4 years. During FY25, the average WAM was recorded at 1.73 years, well within the defined threshold. Additionally, the average modified duration was recorded at 68 days during the period.

Liquidity profile of the Plan is considered sound, with liquid assets comprising ~97% of the total investments. The Plan's retail investors dominate the AUM mix, accounting for ~70% of the AUM, followed by retail investors. In addition, concentration risk is considered moderate, with top ten investors making up ~41% of the AUM.

Fund Performance:

The Plan's annualized return has outperformed its benchmark but has underperformed relative to its peers, placing the Plan under third quartile. The Plan reported a negative return in Mar'25.

Financial Snapshot

	FY24	FY25
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	566.2	2,456.9
Profit Before Tax	507.6	2,008.6
Profit After Tax	507.6	2,008.6
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	3-Sep-25	AA(f)	Reaffirmed
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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