

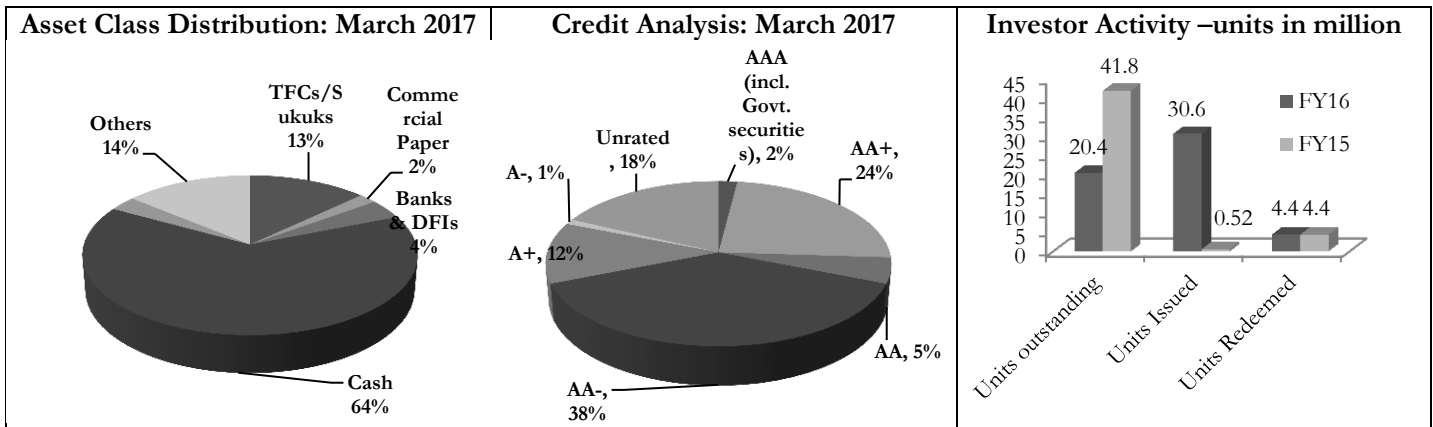
Date: April 13, 2017

Analyst: Talha Iqbal

Investment Objective

To invest in medium to long-term fixed income instruments as well as short-tenor money market instruments and generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

UBL Growth & Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A(f) Mar 10, '17	BBB+(f) Dec 30, '16
Management Company	UBL Fund Managers Limited	
External Auditors (Fund)	M/s KPMG - Taseer Hadi & Co.	
Fund Manager	Mr. Usama Bin Razi	
Trustee	Central Depository Company Ltd.	
Front-end Load	1.5% (Income Units)	
Back-end Load	Stepped-down Structure	
Management Fee	1.5% per annum	
Benchmark	Average of 1 year KIBOR rates	



Launched in March 2006, UBL Growth & Income fund (UGIF) is an open ended fund, operating in the aggressive income category. The fund envisages providing investors risk-adjusted return through investing primarily in long to medium term fixed income securities.

As per investment policy, approved investment avenues include government securities, corporate bonds, commercial paper, spread transactions and cash & cash equivalents. Minimum limits for cash and near cash instruments are in line with regulatory requirements. Moreover, investment in corporate bonds and spread transactions is subject to a ceiling.

Table 1: Investment Policy (extracts)

Asset Class	Description	Limits	Min. Rating
Cash & Equivalents	Incl. T-bills < 90 days remaining maturity	10-100%	A-
Non traded securities	Deposit/Lending to Banks	0-90%	A-
Government Securities	National Saving Schemes	0%	N/A
	PIBs (remaining maturity of 10 yrs or less)	0-75%	
	Government guaranteed securities	0-25%	
Corporate Bonds		0-50%	A-
Commercial Papers		0-20%	A-
MTS & Spread Transactions		0-25%	N/A

Table 2: Actual Asset Allocation

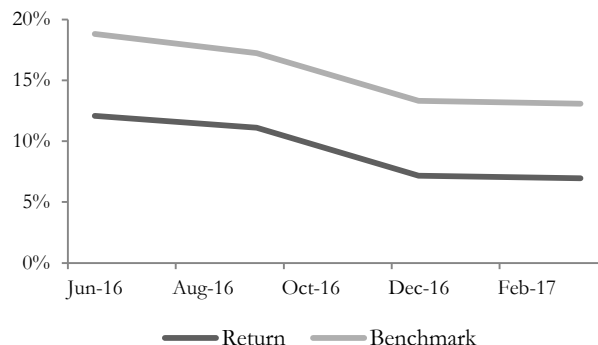
	Jun'16	Sep'16	Dec'16	Mar'17
TFCs/Sukuk	31%	20%	16%	13%
Commercial Paper	0%	0%	0%	2%
Banks & DFIs	0%	0%	0%	4%
Cash	49%	26%	71%	64%
T-Bills	0%	18%	0%	0%
PIBs	15%	31%	8%	0%
Spread Transactions	0%	0%	2%	3%
Others	5%	5%	3%	14%
Total	100%	100%	100%	100%

Previously, UGIF’s investment policy did not specify limits with respect to credit and market risk exposure of the fund. Recently, investment policy has been revised to cap credit and market risk exposure of the fund. These limits include:

- Minimum exposure of 75% to be maintained in A and higher rated instruments.
- Maximum 25% exposure can be taken in A-rated instruments with no exposure to below A-rated investment avenues.
- Duration of the fund is capped at 1 year.

During ongoing financial year, the fund’s asset allocation has tilted towards cash which comprised 64% (FY16: 49%) of total net assets as at end March 2017. Furthermore, exposure in PIBs and corporate bonds has declined on a timeline basis. Compliance of actual credit quality of the portfolio with stated investment guidelines will continue to be tracked by JCR-VIS.

Figure 1: Fund Performance



Fund’s performance is benchmarked against average of one year KIBOR. Over nine months ending March 2017, the fund managed to outperform its respective benchmark [JCR-VIS]

Table 3: Asset Quality

	Jun’16	Sep’16	Dec’16	Mar’17
AAA (incl. Govt. securities)	21%	60%	49%	2%
AA+	23%	0%	0%	24%
AA	22%	16%	3%	5%
AA-	4%	3%	33%	38%
A+	25%	17%	11%	12%
A-	0%	0%	0%	1%
Unrated	5%	4%	4%	18%
Total	100%	100%	100%	100%

JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
10-Mar-17	A(f)			Upgrade
30-Dec -17	BBB+(f)			Reaffirmed
06-Jan-16	BBB+(f)			Reaffirmed
04-Aug-14	BBB+(f)			Reaffirmed
25-Apr-13	BBB+(f)			Upgrade
10-Apr-12	BBB-(f)			Reaffirmed
20-May-11	BBB-(f)			Downgrade
22-Oct-10	BBB+(f)			Downgrade
04-Nov-09	A(f)			Reaffirmed