

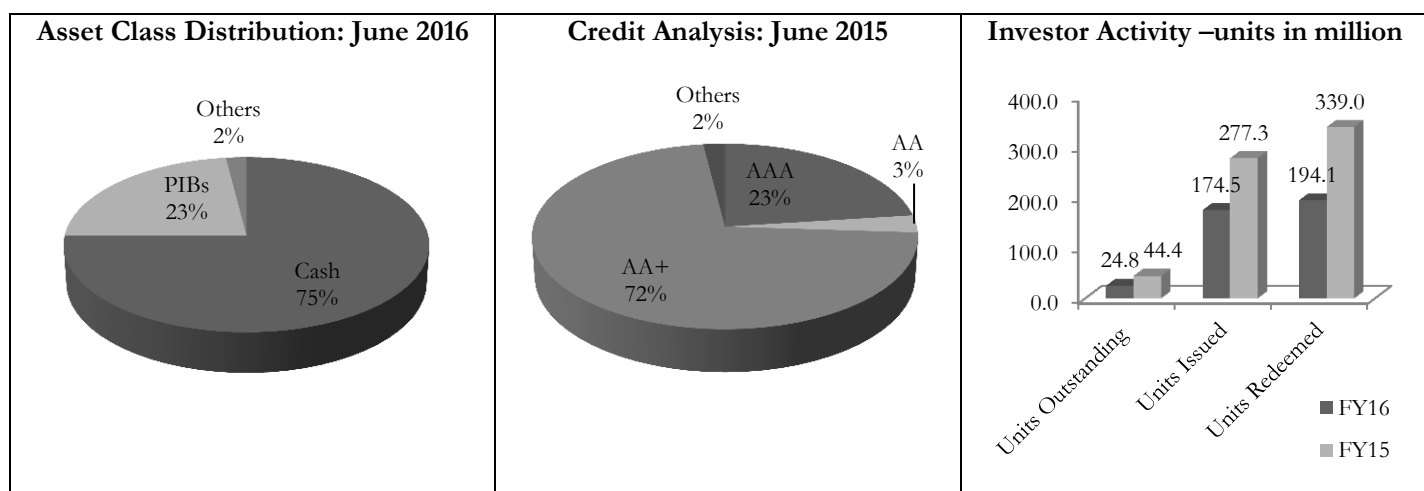
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**Investment Objective**

To invest in a diversified portfolio of low risk assets. The fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.

UBL Liquidity Plus Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) <i>Dec 29, 2016</i>	AA(f) <i>Jan 6, 2016</i>
Asset Management Company	UBL Fund Managers Limited	
External Auditor - Fund	BDO Ebrahim & Co	
Fund Manager	Mr. Usama Bin Razi	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	10% of all gross earnings (with min. fee of 0.5% p.a. & max. fee of 1% p.a.)	
Benchmark	70% 3M PKRV + 30% 3M TDR (with AA rated banks and above)	



UBL Liquidity Plus Fund (ULPF) was launched in June 2009, with a mandate to provide competitive returns to unit-holders while maintaining a conservative risk profile and high liquidity. Fund size experienced significant contraction in the out-going year on the back of sizeable redemptions, primarily during the month of May’2016. At end-June’2016, fund size was reported at Rs. 2.5b (June’2015: Rs. 4.4b). Fund size stood at Rs. 3.4b at end-Sep’2016.

The fund’s offering document (OD) limits exposure to AA rated and above exposures, with exposure to Government securities allowed to the extent of 100% of net assets, representing a conservative risk profile.

The fund’s investment policy statement (IPS) further requires minimum 10% exposure in the form of deposits with banks/DFIs.

Barring a few exceptions, asset allocation largely has been within the policy limits during FY16 with the exception of June’2015, where the fund was unable to meet the minimum level of exposure in GoP Securities. As per offering document, exposure to deposits and placement with banks should be at a minimum 10% and must not exceed 70% of the total net assets. One violation of the same was noted at end-June’2016 where placement at Banks was below 10%.

## JCR-VIS Credit Rating Company Limited

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

**Table 1: ULPF Asset Class Composition (Per IPS)**

Asset Class	IPS
Deposits with/Lending (under LoP) to Banks/DFIs	10-70%
Reverse Repo against Government Securities or others	0-50%
Current & Savings Account	0-100%
Other Government Backed Securities/ Saving Schemes	0-50%
CODs & COIs& Certificates of Musharka	0-20%
Commercial Paper	0-10%
All Debt securities (listed or privately placed) issued by federal/provincial/local government owned/controlled /managed entities	20 – 100%
Foreign investments (in authorized money market instruments and other money market mutual funds)	Up to 30%, subject to cap of US\$15m or limit specified by SECP
Any investment, which may be authorized by the SECP but does not include restricted investments	0-20%

Credit risk exposure remains limited, due to deployment of majority of fund in AA or above rated assets.

Overall, exposure in cash remained highest and represented 75% of the mix at end-June'2016 with average holding of the same at 29% during FY16. PIB holdings stood at 23% at end-FY16 and represented one fourth of the portfolio on average basis. At end-September'2016, exposure in PIBs declined while investment in T-bills increased and represented 21% of net assets.

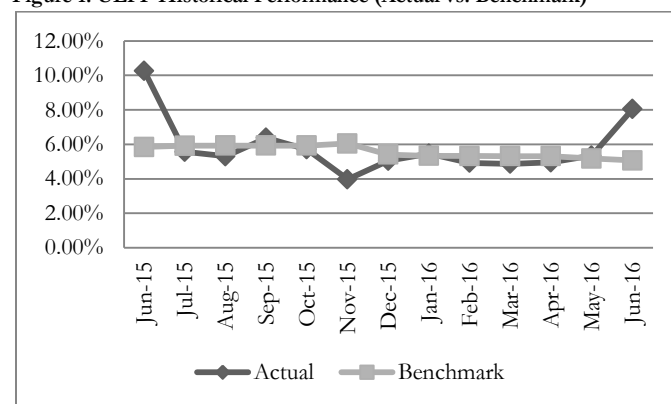
**Table 2: Actual Asset Allocation**

	End-June 2016	Average FY16
Cash	75%	29%
T-Bills	0%	41%
PIB	23%	26%
Placements with Banks & DFIs	0%	22%
Other Assets	2%	1%

In-line with its mandate, weighted average maturity (WAM) of assets in the scheme remained at or less than 90 days during FY15; moreover single asset maturity has been capped at 6 months. Maximum WAM of 88 days was reported at end-July'2015, whereas minimum WAM of 5 days was reported at end-June'2016.

The fund's return is benchmarked against an average of 3M PKRV and 3M TDR placements with AA rated banks. Overall, the fund underperformed its benchmark in the out-going year by 12bps, and posted a net return of 5.46%. During the first half of the out-going year, the fund under-performed when compared to the benchmark while in the latter half performance tracked the benchmark returns. In comparison with its peer, the fund ranked 14<sup>th</sup> (FY15: 16 out of 21) out of 22 funds in terms of gross returns during FY16.

**Figure 1: ULPF Historical Performance (Actual vs. Benchmark)**



Unit holder concentration reduced in the outgoing year at end-FY16. Top-10 investors held 56% (FY15: 77%) of outstanding units [JCR-VIS]

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
29-Dec-16	AA(f)			Reaffirmed
06-Jan-16	AA(f)			Reaffirmed
04-Aug-14	AA(f)			Downgrade
13-May-13	AA+(f)			Reaffirmed
29-Mar-12	AA+(f)			Harmonised
08-Dec-10	AA+(f)			Reaffirmed