

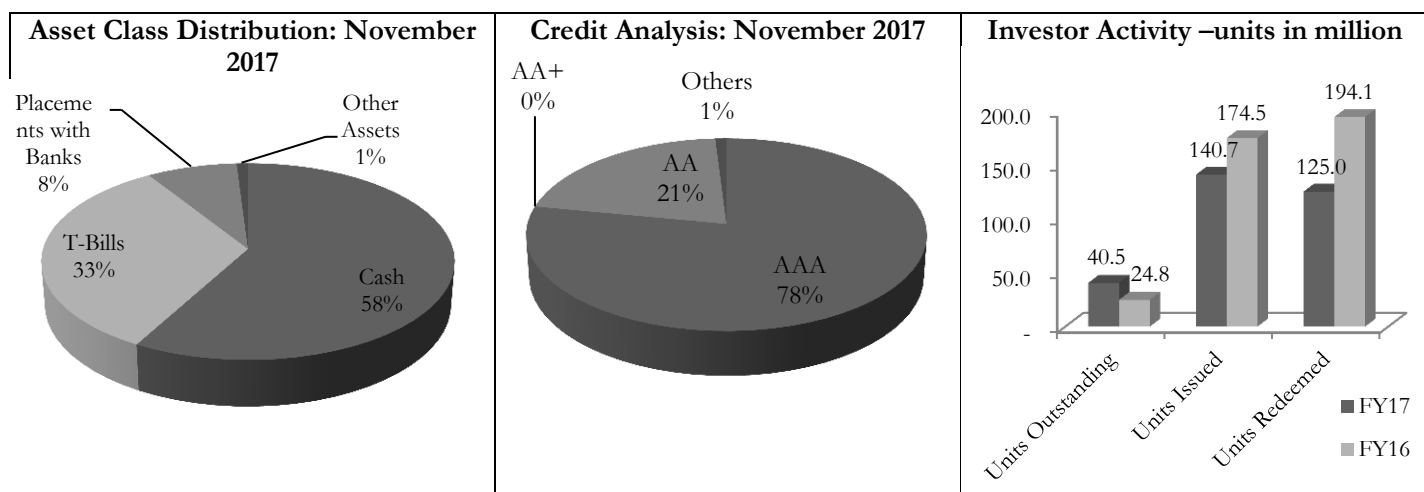
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Investment Objective

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, 2017</i> | AA(f) <i>Dec 29, 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 | 7.5% of gross earnings (with min. fee of 0.25% p.a. & max. fee of 1% p.a.) | |
| Benchmark | 70% average of 3M PKRV rates + 30% 3M average deposit rate of 3 AA rated scheduled Banks as selected by MUFAP | |



Launched in June 2009, UBL Liquidity Plus Fund (ULPF) was set up with the aim to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. Fund size depicted decline during October-December 2016, though steadily increasing to Rs. 7.0b by end-November 2017 (June 2016: Rs. 2.5b).

As per the fund’s Offering Document (OD), exposure may only be undertaken in AA rated and above exposures, with exposure to Government securities allowed to the extent of 100% of net assets, representing a conservative risk profile. In 2017, there have been certain amendments in the Investment Policy Statement (IPS) of ULPF. These changes have become effective in July 2017. According to JCR’s internal criteria for AA rated funds, minimum 25% exposure is required in AAA rated

securities. As per the IPS, there is no minimum required level for AAA rated exposure.

Table 1: ULPF Asset Class Composition (Per IPS)

| Asset Class | IPS |
|---|---------|
| Cash & Cash Equivalents | 20-100% |
| Deposits with Banks | 20-70% |
| Lending (LOP etc.) to Banks /DFIs | 0-50% |
| Certificates of Deposit (COD), Certificates of Investment (COI) | 0-25% |
| Reverse repo against GoP or other allowable securities | 0-70% |
| Securities Issued by Federal Government | 0-100% |
| Commercial Papers | 0-30% |

Asset allocation of the fund at the end of June 2017 was mainly dominated by placements with banks. Over time, some degree of concentration has been observed in case of bank deposits; given the risk profile of counterparties, and the nature of exposures, the risk is considered

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manageable. While exposure to T-Bills was reduced to nil at end-June 2017, it comprised more than one-third of assets, on an average, over the course of FY17. Actual asset allocation of the fund is presented in Table 2.

Table 2: ULPF Asset Class Composition (Per IPS)

| | end-June 2017 | Average FY17 |
|------------------------------|---------------|--------------|
| Cash | 98% | 54% |
| T-Bills | 0% | 42% |
| PIB | 0% | 0% |
| Placements with Banks & DFIs | 0% | 3% |
| Other Assets | 2% | 1% |

In line with the investment objective and horizon, weighted average maturity (WAM) of the portfolio is capped at 90 days while single asset maturity may not exceed 6 months. Maximum WAM was recorded at 58 days at end-February 2017; subsequently declining to 1 at end-June 2017. WAM remained within policy limits over the rating horizon.

The fund's benchmark is a blended composition of 70 % average 3M PKRV rates and 30% 3M average deposit rate of three 3 AA rated scheduled banks as selected by MUFAP. During FY17, the fund reported return of 6.22% vis-à-vis benchmark of 5.20%. In comparison with its peers, the fund ranked 15th (FY16: 14 out of 22) out of 22 funds in terms of gross returns during FY17.

Unit holder concentration slightly increased at end-FY17. Top-10 investors held 59% (FY16: 56%) of outstanding units JCR-VIS

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| Rating Date | Medium to Long Term | Outlook | Short Term | Rating Action |
|-----------------------------|---------------------|---------|------------|---------------|
| RATING TYPE: Fund Stability | | | | |
| 29-Dec-17 | AA(f) | | | Reaffirmed |
| 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 |