

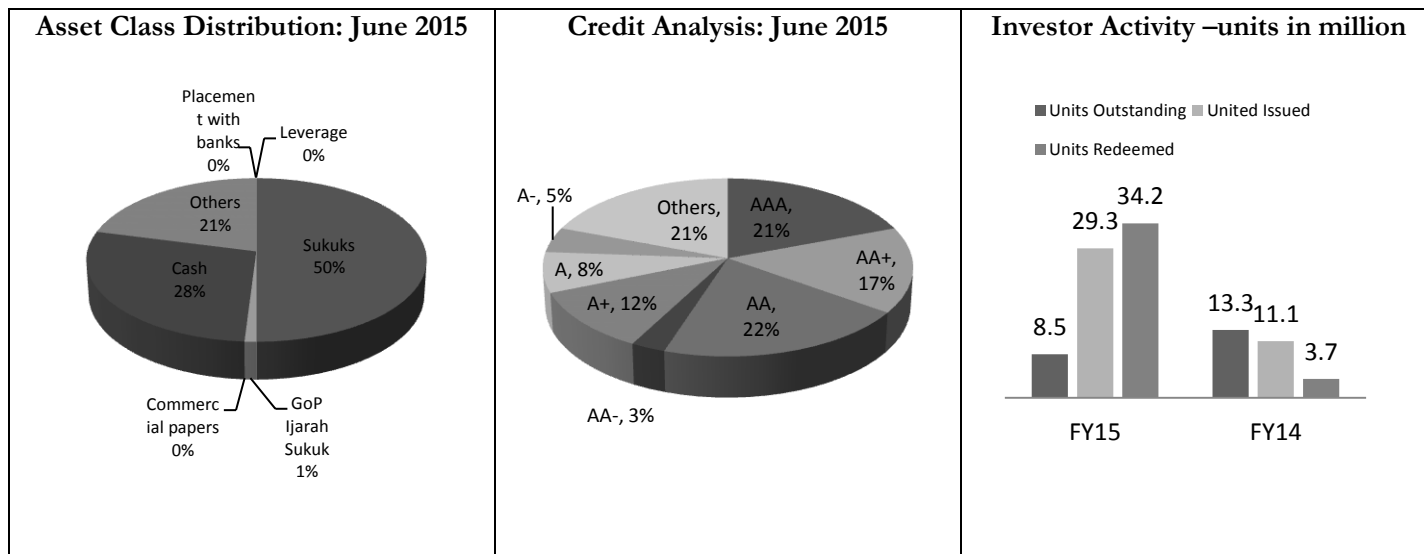
Date: January 19, 2016

Analyst: Talha Iqbal
Narendar Shankar Lal

Investment Objective

To invest in medium to long-term Shariah Compliant income instruments as well as shorter tenor money market instruments with the aim of generating superior, long-term, risk adjusted returns while preserving capital over the long-term.

Al-Ameen Islamic Aggressive Income Fund (Formerly: Al-Ameen Islamic Income Fund)		
Rating Category	Latest	Previous
Fund Stability Rating	BBB+(f)	BBB+(f)
	Jan 6, '16	Aug 12, '14
Management Company	UBL Fund Managers Ltd	
Fund Manager	Mr. Muhammad Abdul Hayee	
External Auditors - Fund	Ernst & Young Ford Rhodes Sidat Hyder	
Trustee	Central Depository Company Ltd.	
Front-end Load	1% (Income & Growth Units)	
Back-end Load	Stepped-down structure (Growth Units)	
Management Fee	1.75% p.a.	
Benchmark	Weighted average of 12-month deposit rates of three different Islamic Banks	



Al-Ameen Islamic Aggressive Income Fund (AIAIF) was launched in October 2007 by the name of United Islamic Income Fund; it was renamed subsequently to Al Ameen Islamic Income Fund in line with the rebranding of all Islamic Funds being managed by UBL Fund Managers Limited (UBL FM). Last year, the fund was re-classified as Al Ameen Islamic Aggressive Income Fund (AIAIF). This fund is managed by UBL FM, which is rated ‘AM2+’, reflecting ‘High’ Management Quality.

Size of the fund witnessed sizeable decline to Rs. 829m (FY14: Rs. 1.27b) at end-FY15. The fund size observed an increase trend during the beginning of

FY15, with the maximum fund size of Rs. 1.8b recorded at end-November’2014. Thereafter, the fund witnessed decreasing trend. The fund size stood at Rs. 740m at end-November’2015.

As per Offering Document (OD), the fund is required to maintain minimum 10% of the net assets in cash and short term GoP securities with a maturity of less than 90 days. A maximum limit of 30% is also in place in relation to the overseas investment. No change was observed in the established asset allocation limits in FY15 vis-à-vis last year.

Table 1: Exposure Limits (as per OD)

	Minimum Limit	Maximum Limit
Cash & Cash Equivalents	10%	100%
GoP Ijarah Sukuk	0%	90%
Commercial Paper	0%	90%
Bank Deposits/ COIs/ CODs etc	0%	90%
Corporate Sukuk	0%	90%
Shariah compliant Spread Transactions	0%	90%
Overseas Investment (subject to a cap of \$15m)	0%	30%
Others	0%	90%

At end-FY15, the fund built sizeable exposure in Sukuk to the tune of 50% of the total assets. Major Sukuk holdings comprised Engro Fertilizer Sukuk and K-Electric Sukuk, accounting for 11.8 % and 9.3% of the total assets. One instance of violation was reported in June 2015, as per party exposure limit of 15% was breached, with K-Electric Sukuk constituting 15.29% of the total assets. The following table depicts the actual asset allocation during the year:

Table 2: Actual Asset Allocation

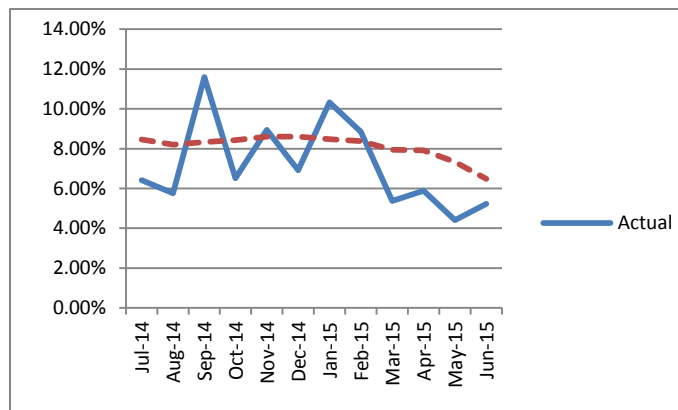
	End-June 2015	Average FY15
GoP Ijarah Sukuk	1%	29%
Corporate Sukuk	50%	32%
Cash	28%	33%
Placement with Banks/DFIs	0%	0%
Others	21%	6%

Below ‘A-’ exposures amounted to 21% of net assets at end-FY15. However, the same reduced to 4% at end-November’2015. The fund possesses the ability to assume higher credit risk, given that no minimum criterion has been specified in proposed investment guidelines to limit counterparty risk. However, despite the ability, management remains keen in ensuring sound risk profile, as no exposure was undertaken in below investment grade securities.

Weighted Average Maturity (WAM) of the fund is capped at 5 years, excluding the federal government issued securities. WAM of the fund has remained below the specified limit during FY15. Actual WAM of the fund remained broadly consistent during FY15, with the exception of two months. Maximum WAM of 3.28 years was recorded at end-October’2014.

The fund is benchmarked against monthly average deposit rates of 3 Islamic banks. During FY15, AIAIF

outperformed its benchmark by posting a return of 8.26% vis-à-vis benchmark return of 8.14%. Month-wise performance of the fund illustrates considerable volatility in comparison to the benchmark.



Top-10 investor’ concentration accumulated to 53% at end-June 2015, while investment by related parties was equivalent to 33.4%. Ability to meet redemption in a timely manner is considered adequate JCR-VIS

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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>				
06-Jan-16	BBB+(f)			Reaffirmed
12-Aug-14	BBB+(f)			Upgrade
25-Apr-13	BBB(f)			Upgrade
10-Apr -12	BB+(f)			Downgrade
08-Dec-10	BBB-(f)			Initial