

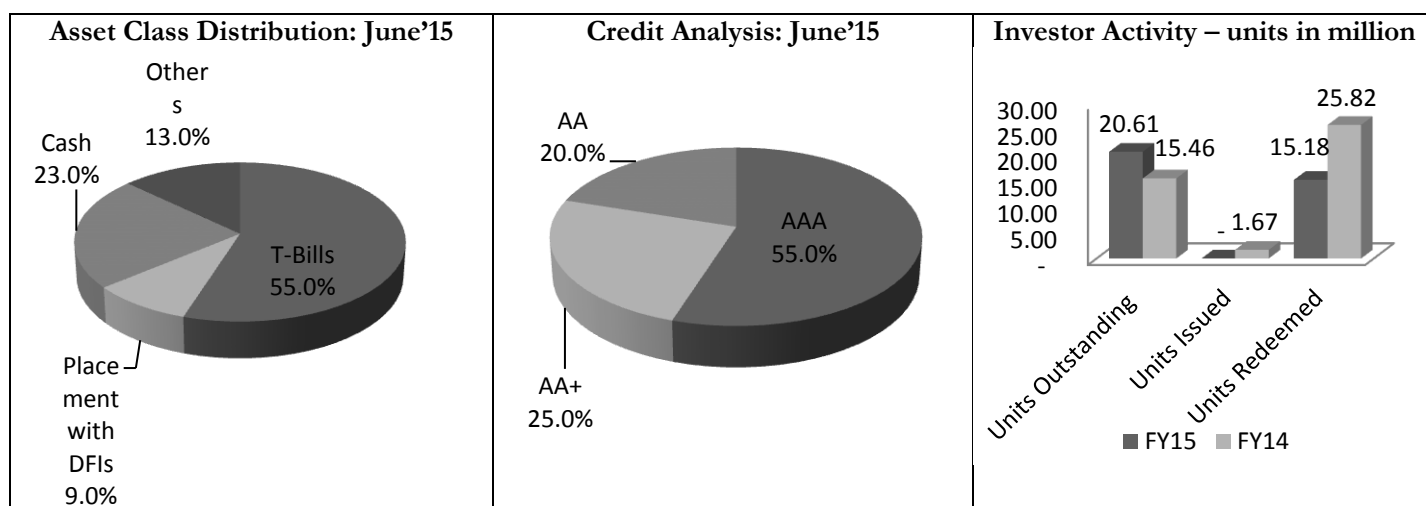
Date: January 19, 2016

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Narendar Shankar Lal

Investment Objective

To generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing more than 50% of the portfolio in short term government securities

UBL Money Market Fund (Formerly UBL Savings Income Fund)		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) <i>Jan 06, 2016</i>	AA(f) <i>Aug 18, 2014</i>
Asset Management Company	UBL Fund Managers Limited	
External Auditors - Fund	KPMG - Taseer Hadi & Co.	
Fund Manager	Mr. Arsh Kumar	
Trustee	Central Depository Company Ltd.	
Front-end Load	1%	
Management Fee	10% of all gross earnings (with min. fee of 1% p.a. & max. fee of 1.25% p.a.)	
Benchmark	75% 3M PKRV + 25% 3M TDR (with AA or better banks)	



Initially launched as UBL Savings Income Fund (USIF) in April, 2010, USIF was converted to UBL Money Market Fund (UMMF) in May, 2014 with a more risk-averse mandate. The fund is being managed by UBL Fund Managers Limited (UBL FM) which has a management quality rating of ‘AM2+’ signifying ‘High’ management quality.

Net assets of the fund were reported at Rs. 2.1b at end-June’2015 (June’2014: Rs. 1.6b). Size of the fund has been broadly consistent over the course of FY15. Net Assets amounted to Rs. 808m at end-November’2015.

The fund’s offering document (OD) limits exposure to AA rated and above exposures. Moreover, it mandates at least 50% of net assets of the fund to be invested in T-Bills to limit risk exposure and maintain sufficient liquidity to manage redemptions. Allowable exposure within commercial paper is limited to 10%. Moreover the fund may invest up to 20% of its assets within Certificates of Deposits and Certificates of Investments; however a minimum AAA rating is required for the same in-case of exposure with Non-banking financial institutions (NBFCs) and Modaraba.

Table 1: Asset Class Composition as per IPS

Asset Class	Minimum Rating	Exposure Limit
Deposits with / Lending (under LOP etc.) to scheduled banks / DFIs	AA	0 - 50%
Reverse Repo against Government Securities or such other allowable securities, in accordance with the Regulations	AA	0 - 50%
Government Securities	N/A	50% - 100%
Cash at Bank (excluding TDR) and T-Bills not exceeding 90 days maturity.	AA	0 - 100%
Any Investment authorized by SECP excluding restricted investments	AA-	0-20%
Certificate of Deposits (CODs), Certificate of Investment (COIs), Certificate of Musharaka with NBFs and Modaraba,	AA	0 - 20%
Commercial Papers	AA	0 - 10%

Asset allocation in the out-going year has been in-line with the stated limits in the revised OD; more than half of the portfolio constitutes sovereign exposure, pointing to limited exposure to credit risk. Over the course of the out-going year cash holdings averaged 4.8% of the portfolio. At end-June 2015, cash holdings represented almost a quarter of fund’s assets, with T-Bills representing 55% of the mix, pointing to a liquid asset mix.

Table 2: Actual Asset Allocation

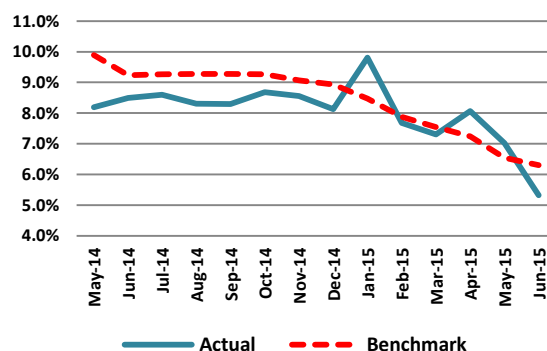
	End-June FY15	Average FY15
Cash	23.00%	4.8%
Placement with banks	0.00%	16.7%
Placements with DFIs	9.00%	7.0%
PIBs	0.00%	1.9%
T-Bills	55.00%	68.2%
Others	13.00%	1.5%

Weighted average maturity (WAM) of assets in the scheme remained under 90 days over the course of FY15, in-line with the OD. Moreover single asset maturity has been capped at 6 months. Given the applicable caps on WAM and actual asset allocation, the sensitivity of the

fund’s NAV (net asset value) to interest rate risk is considered low. Maximum WAM of 88 days was reported at end-January’2015, whereas minimum WAM of 42 days was reported during September’2014. WAM of 78 days was reported at end-November’2015.

The fund’s return has been benchmarked against a 75:25 mix of 3 months PKRV rates and 3 months TDR rates (of AA and above rated banks) respectively. The fund posted a return of 7.98% vis-à-vis benchmark return of 8.26%.

Figure 3: Historical Performance (Actual vs. Benchmark)



Unit holder concentration in the fund is on the lower side with top-10 investors constituting 32.6% (FY14: 28%) of the fund’s units. At the same time, proportion of retail investment is also notable. Given the fund’s asset mix, ability to meet redemptions in a timely manner is considered strong ^{JCR-VIS}

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>				
06-Jan-16	AA(f)			Reaffirmed
18-Aug-14	AA(f)			Upgrade
18-Apr-13	AA- (f)			Reaffirmed
29-Mar-12	AA- (f)			Harmonised
20-May-11	AA- (f)			Initial