

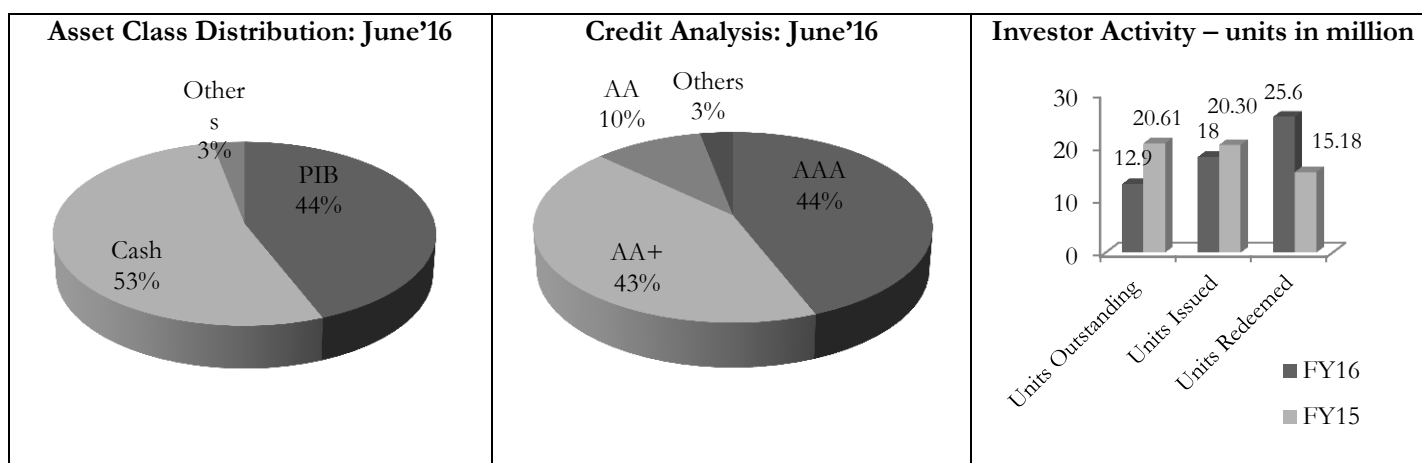
Date: January 02, 2017

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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>Dec 29, 2016</i>	AA(f) <i>Jan 06, 2016</i>
Asset Management Company	UBL Fund Managers Limited	
External Auditors - Fund	KPMG – Taseer Hadi & Co.	
Fund Manager	Mr. Jawad Naeem	
Trustee	Central Depository Company Ltd.	
Front-end Load	1%	
Management Fee	1% p.a.	
Benchmark	70%3M PKRV + 30% 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. 1.2b at end-June’2016 (June’2015: Rs. 2.1b). Size of the fund has approximately been reduced to half with the biggest fall witnessed in the month of August’15. Net Assets of the fund further reduced to Rs. 685m at end-September’2016.

The fund’s offering document (OD) limits exposure to AA rated band and above exposures. Moreover, it mandates at least 50% of net assets of the fund to be invested in Government Securities 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 AA rating is required for the same in-case of exposure with Non-banking financial institutions (NBFCs) and Modaraba.

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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 mostly been in-line with the stated limits in the IPS. Over the course of the out-going year cash holdings averaged 23% of the portfolio. At end-June 2016, cash holdings represented more than half of fund's assets, with PIBs representing 44% of the mix, pointing to a liquid asset mix. However at end-June'16 the fund was unable to comply with the minimum requirement of 50% investment in government securities.

Table 2: Actual Asset Allocation

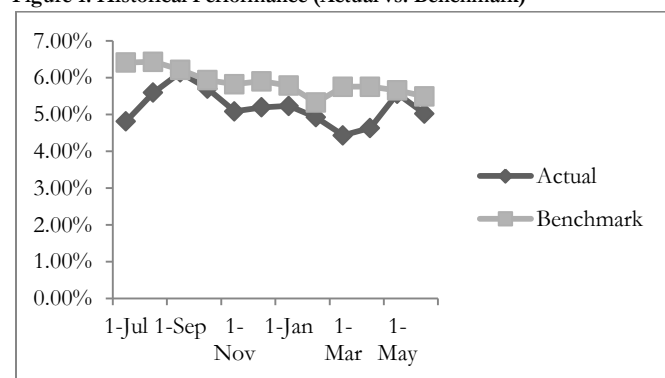
	End-June FY16	Average FY16
Cash	53%	23%
Placement with banks	0%	17%
Placements with DFIs	0%	1%
PIBs	44%	32%
T-Bills	0%	46%
Others	3%	3%

Weighted average maturity (WAM) of assets in the scheme remained under 90 days over the course of FY16, in-line with the OD. Moreover single asset maturity has been capped at 6 months. Given the applicable caps on WAM and actual portfolio WAM, 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-July'2015, whereas minimum WAM of 10 days was reported at end-June'2016. WAM of 32 days was reported at end-September'2016.

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. Subsequently, the benchmark was changed to 70:30 mix of 3 months PKRV rates and 3 months TDR rates (of AA and above rated banks) respectively. The fund posted a return of 5.15% vis-à-vis benchmark return of 5.91% during FY16. Peer ranking of the fund stood at 19 out of total 22 funds.

Figure 1: Historical Performance (Actual vs. Benchmark)



Unit holder concentration in the fund increased in the outgoing year with top-10 investors constituting 63.2% (FY15: 32.6%) of the fund's units. Given the fund's asset mix, ability to meet redemptions in a timely manner is considered strong 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
18-Aug-14	AA(f)			Upgrade
18-Apr-13	AA- (f)			Reaffirmed
29-Mar-12	AA- (f)			Harmonised
20-May-11	AA- (f)			Initial