

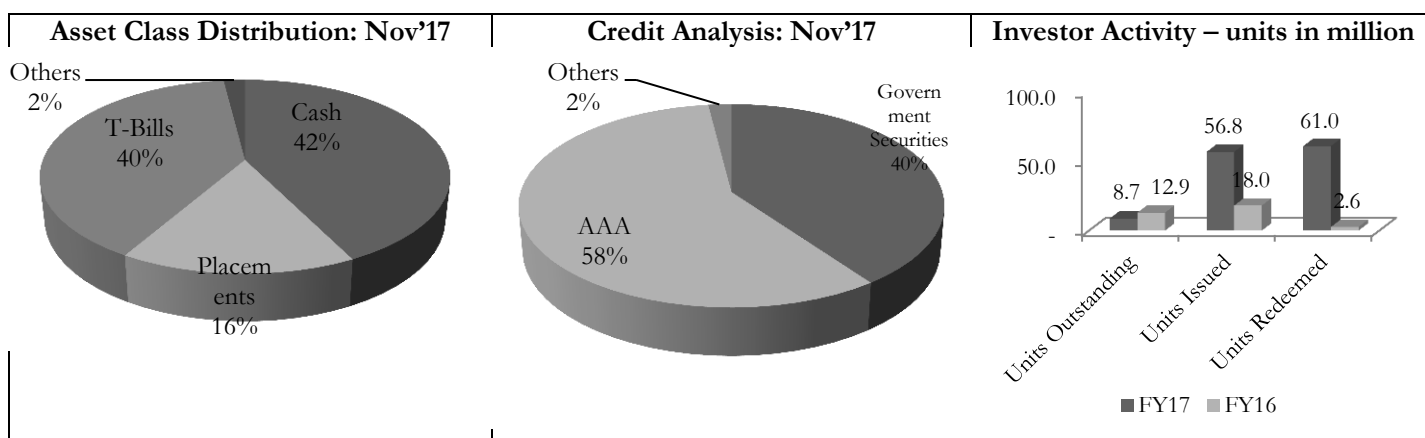
Date: January 8, 2018

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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 a major chunk 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)	AA(f)
	Dec 29, 2017	Dec 29, 2016
Asset Management Company	UBL Fund Managers Limited	
External Auditors - Fund	KPMG – Taseer Hadi & Co.	
Fund Manager	Mr. Syed Sheeraz Ali	
Trustee	Central Depository Company Ltd.	
Front-end Load	1%	
Management Fee	1% p.a.	
Benchmark	70% Average of 3M PKRV rates + 30% 3M average deposit rate of 3 AA rated banks as selected by MUFAP.	



Launched in 2010, UBL Money Market Fund (UMMF) is an open-end money market fund managed by UBL Fund Managers Limited (UBL FM). UBL FM has a high management quality rating of ‘AM-1’.

During FY17, net assets of the fund witnessed steady decline to Rs. 876m (FY16: Rs. 1.2b). Net assets further reduced to Rs. 605m by end-November 2017.

In 2017, there have been certain amendments in the Investment Policy Statement (IPS) of UMMF. These changes have become effective in July 2017. According to JCR’s rating criteria for AA rated funds, minimum 25% exposure is required in AAA rated securities. As per revised IPS, there is no minimum required level for AAA rated exposure.

Table 1: Asset Class Composition as per IPS

Asset Class	Minimum Rating	Exposure Limit
Lending (under LOP etc.) to scheduled banks / DFIs	AA	0 - 50%
Deposits with Banks (current and PLS accounts)	AA	20 – 100%
TDRs and Clean Placement	AA	0-70%
Reverse Repo against Government Securities or such other allowable securities, in accordance with the Regulations	AA	0 - 70%
Government Securities	N/A	0-100%
Cash at Bank (excluding TDR) and T-Bills not exceeding 90 days maturity.	AA	20 - 100%
Any Investment authorized by SECP excluding restricted investments	AA	0-30%
Placements and COIs with DFIs	AA	0-70%
Certificate of Deposits (CODs), Certificate of Investment (COIs), Certificate of	AAA	0-20%

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Musharaka with NBFCs, and Modaraba		
Certificate of Deposits (CODs), Certificate of Investment (COIs), Certificate of Musharaka with Microfinance Banks	AA	0 - 20%
Commercial Paper	AA	0 - 30%

mix, ability to meet redemptions in a timely manner is considered strong^{JCR-VIS}

Actual asset allocation has remained in line with the revised IPS. Bank deposits and T-Bill holdings have been the primary investment avenues of the fund during FY17 with nominal placements. As per the fund manager report for June 2017, almost entire exposure was undertaken in bank deposits (representing cash portion only). During March-April 2017, AAA rated exposure was 2% which was below the 25% requirement set by JCR-VIS for the assigned rating.

On monthly average basis, the fund has maintained about half of its assets in sovereign instruments whilst the rest is maintained in bank deposits.

Table 2: Actual Asset Allocation

	End-June FY17	Average FY17
Cash	99%	48%
Placement with banks/DFIs	0%	3%
PIBs	0%	0%
T-Bills	0%	49%
Others	1%	1%

The fund's Weighted Average Maturity (WAM) is capped at 90 days, whilst investment in any asset that has time to maturity in excess of 6 months is not allowed. Maximum WAM during FY17 was reported at 82 days in July 2016. Given restrictions on WAM, the fund's sensitivity to interest rate changes is expected to remain low.

The fund's return has been benchmarked against 70:30 mix of 3 months PKRV rates and 3 months TDR rates (of AA rated scheduled banks as selected by MUFAP) respectively. The fund posted a return of 5.41% vis-à-vis benchmark return of 5.31% during FY17. Peer ranking of the fund stood at 20 out of total 22 funds.

Unit holder concentration in the fund increased in the outgoing year with top-10 investors constituting 63.1% (FY16: 63.2%) of the fund's units. Given the fund's asset

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