

Date: January 13, 2017

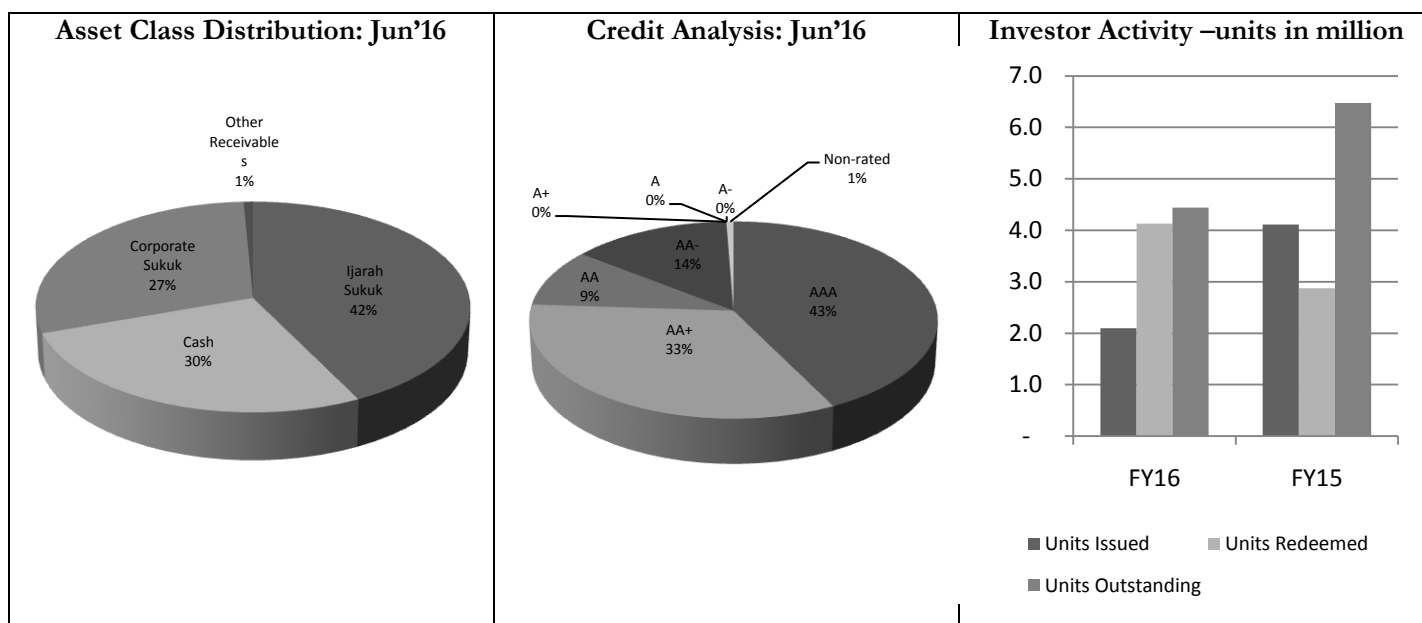
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Investment Objective

To provide investors with a Shari'ah compliant product with stable halal income. The fund will focus on superior quality portfolio compared with average portfolio quality of Islamic Income funds in the industry and enhanced returns over a 3 month horizon.

Askari Islamic Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A+(f)	A+(f)
	Dec 30, 2016	Dec 31, 2015
Asset Management Company	Askari Investment Management Limited (AIML)	
Shariah Advisor	Dr. Tahir Mansoori	
External Auditor - Fund	KPMG Taseer Hadi & Co.	
Chief Executive	Mr. Saqib Mukhtar	
Fund Manager	Ms. Sumaira Shaukat	
Trustee	MCB Financial Services Ltd.	
Front-end Load	Up to 1.0%	
Back-end Load	Up to 1.0%	
Management Fee	1.1%	
Benchmark	Average 6-month Placement (Deposit) rate as selected by MUFAP	

In Rs. m	AIIF	
	FY16	FY15
Type of Scheme	Shari'ah Compliant Income	
Return (%) (Gross returns)	5.08%	6.52%
Benchmark (%)	4.31%	6.41%
Relative Ranking	7 out of 15	10 out of 14
Fund Size (in Rs. m)	447	651
Retail (%)	20.5%	12.7%
Associates (%)	36.0%	24.7%
Number of Investors	157	163
Top 10 Investors / AUMs	81.5%	88.0%
WATM (Weighted Average Time to Maturity)	1.69 years	1.03 years
Duration (years)	0.28	0.05
Asset Allocation (average for the year)		
	GoP Ijarah Sukuk	42.6%
	Corporate Sukuk	27.1%
	Cash	29.6%
	Others	0.8%
		14.7%
		31.5%
		52.7%
		1.1%



Askari Islamic Income Fund (AIIF) aims to provide consistent income to the investors by investing in Shariah compliant income generating instruments. The fund is managed by Askari Investment Limited (AIML), which has a management quality rating of AM3+, signifying good management quality.

Based on the offering document, the fund is required to place at least 25% of net assets in Islamic Banks (or Islamic Banking windows) for the purpose of ensuring adequate liquidity. The fund may place the same as cash or Shariah compliant deposits in banks. Maximum exposure in the sovereign fixed income securities is capped at 75%, while the same limit is also applicable in case of secured private or public Sukuks. The following table illustrates the specific limits for different asset classes:

Figure 1: Asset allocation requirements

Shariah compliant instruments	Minimum Rating	Min. Limit	Max. Limit
Certificate of Mudarabah and Musharikah	Investment grade	0%	35%
Spread transactions	Investment grade	0%	40%
Bank deposits	Investment grade	25%	100%
Fixed income government securities	N/A	0%	75%
Government backed fixed income securities	Investment grade	0%	75%
Secured private or public Sukuks	Investment grade	0%	75%

Net assets of the fund decreased to Rs. 487m at end-FY16 (FY15: Rs. 651m) primarily on account of lower corporate investors. The fund built sizeable exposure in Ijarah Sukuk since the beginning of the year. The following table indicates the actual asset allocation:

Figure 2: Actual asset allocation

Asset class	End-FY16	Average FY16
Ijarah Sukuk	42.6%	42.6%
Corporate Sukuk	27.1%	27.1%
Cash	29.6%	29.6%
Other Receivables	0.0%	0.8%

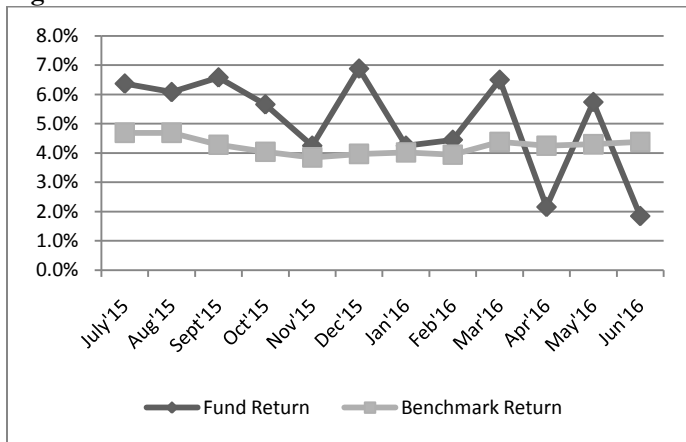
At end-FY16, major portion of corporate exposure comprised K-Electric Sukuks and Engro Fertilizer

Sukuks. These represent funding provided to entities with good credit quality.

Weighted Average Maturity (WAM) of net assets is capped at 4 years, excluding the government securities. Actual WAM of the net assets remained below 2 years throughout FY16. Duration of the fund was 0.28 years (FY15: 0.49 years) at end-FY16, signifying low sensitivity to interest rates.

In line with reduction in the benchmark and discount rate movement, return generated by the fund trended downwards, during FY16. However, the fund outperformed the benchmark by posting a return of 5.08% vis-à-vis the benchmark return of 4.31%. Relative ranking of the fund improved in comparison to the peers as the fund ranked 7 out of total 15 operational income funds in terms of the return generated.

Figure 3: Fund return vs benchmark return



Despite trending downwards in the outgoing year, top-10 investor concentration in the fund remained significant at 81.5% (FY15: 88.0%). During the same period, contribution from retail clients improved to 20.5% (FY15: 12.7%), while related parties contribution share increased to 42.1% at end-FY16 (FY15: 28.7%) JCR-VIS

Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/30/2016	A+ (f)	Reaffirmed
Fund Stability	12/31/2015	A+ (f)	Initial