

Date: January 13, 2017

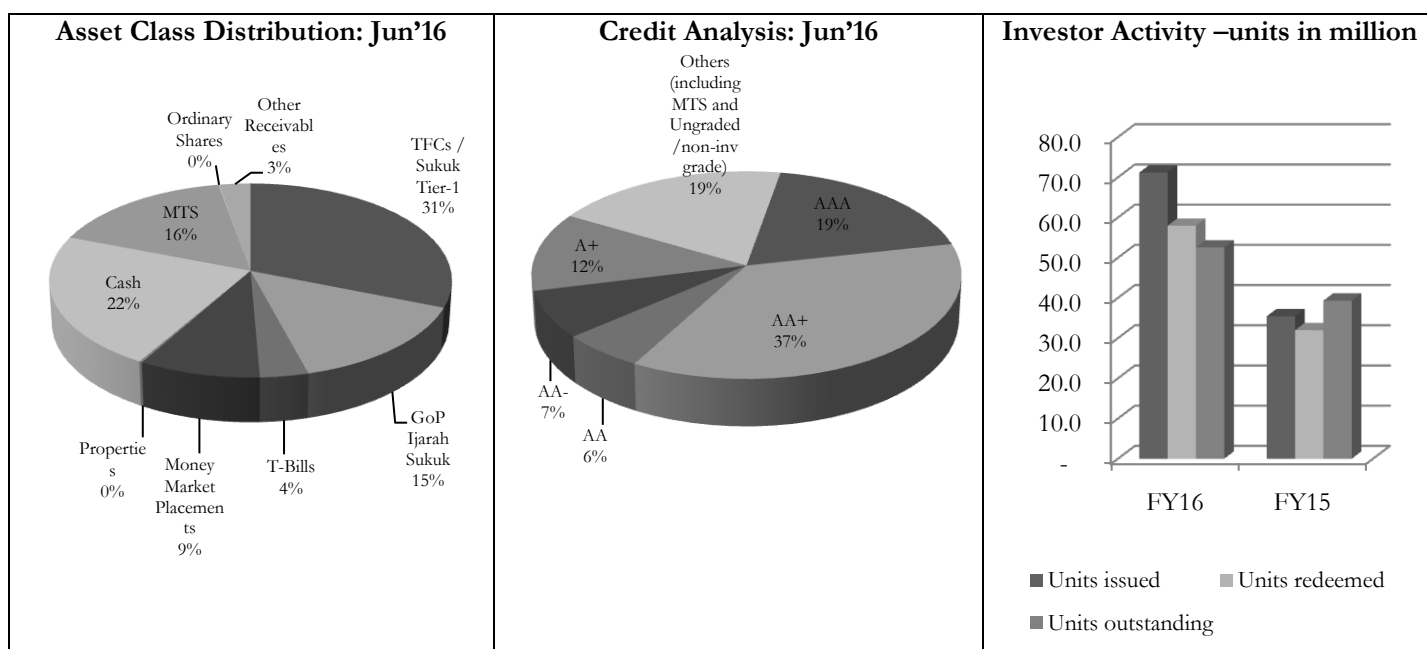
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Investment Objective

To provide investors an opportunity to make competitive returns from fixed income securities. The fund will also target capitalizing on yield enhancing opportunities available in the market using its proprietary investment efficiency tools.

Askari High Yield Scheme		
Rating Category	Latest	Previous
	A(f)	A(f)
Fund Stability Rating	Dec 30, 2016	Dec 31, 2015
Asset Management Company	Askari Investment Management Limited (AIML)	
External Auditor - Fund	KPMG Taseer Hadi & Co.	
Chief Executive	Mr. Saqib Mukhtar	
Fund Manager	Mr. Mustafa Kamal	
Trustee	Central Depository Company	
Front-end Load	Up to 2.0%	
Back-end Load	Up to 1.0%	
Management Fee	1.5%	
Benchmark	Average 1-year KIBOR	

In Rs. m	AHYS	
	FY16	FY15
Type of Scheme	Aggressive Fixed Income	
Return (%)	8.23%	12.16%
Benchmark (%)	6.53%	8.97%
Relative Ranking	7 out of 7	5 out of 7
Fund Size (in Rs. m)	5,359	4,017
Retail (%)	17.0%	23.1%
Associates (%)	33.0%	35.2%
Number of Investors	617	613
Top 10 Investors / AUMs	71.3%	67.5%
WATM (Weighted Average Time to Maturity) (years)	2.16	3.70
Duration (years)	0.16	2.62
Asset Allocation (average for the year)		
	<i>TFC / Sukuk Tier-1</i>	30.3% / 31.0%
	<i>TFC / Sukuk Tier-2</i>	0.1% / 2.3%
	<i>T-Bills</i>	11.4% / 9.2%
	<i>GoP Ijarah Sukuk</i>	5.3% / 0.0%
	<i>PIBs</i>	26.3% / 35.8%
	<i>Properties</i>	0.3% / 0.8%
	<i>Cash</i>	13.0% / 13.0%
	<i>MTS</i>	7.0% / 3.9%
	<i>Ordinary Shares</i>	0.1% / 0.1%
	<i>Others</i>	6.2% / 3.8%



Askari High Yield Scheme (AHYS) (formerly Askari Income Fund) was launched in March, 2006. Based on the permissible asset classes for an aggressive fixed income fund, AHYS exposes investors to high risk with the objective of generating superior returns. As per the constitutive documents, the fund can invest in a mix of spread transactions, Continuous Funding Transactions (CFS), investment grade debt securities, currency forwards, money market instruments and short maturity reverse repurchase transactions. Pre-defined limits have been defined in order to limit deployment in different asset classes. As per policy, debt securities must possess a minimum rating of A-.

Growth in net assets of the fund was facilitated by associate and corporate investors in FY16. Net assets of the fund increased to Rs. 5.4b at end-FY16 (FY15: Rs. 4.0b), while retail holding declined during the same period. Net assets of the fund amounted to Rs. 5.1b at end-November 2016.

Average asset allocation depicted considerable similarities vis-à-vis the preceding year. A sizeable proportion of net

assets were deployed in government securities, including T-bills, PIBs and GoP Ijarah Sukuk, while exposure to private TFC / Sukuks was also considerable. The fund also increased its exposure on average basis in high risky MTS. At end-June 2016, highest exposure in MTS was recorded as 16.3% of total assets. Credit quality of the portfolio is considered adequate as majority of exposure is undertaken in A+ or above rated securities. The fund holds a significant private fixed income portfolio issued by stable entities including K-Electric and several commercial banks.

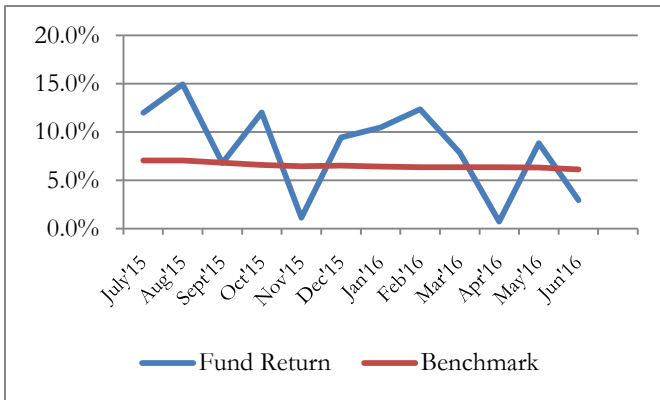
Weighted Average Time to Maturity (WATM) of the assets decreased to 2.16 years at end-FY16 (FY15: 3.70 years). Due to higher cash holdings at end of FY16, portfolio sensitivity to changes in interest rates was also lower as indicated by a duration of 0.16 years (FY15: 2.62 years). At end-Nov 2016, WATM and duration stood at 2.55 years and 0.99 years.

The fund holds several non-compliant exposures which accounted for 0.31% of the net assets. All of these non-compliant investments primarily include exposure in

TFCs of various companies along with ordinary shares of Agritech Limited, provided in lieu of partial settlement of dues from Azgard Nine Limited TFC. Of the total non-performing portfolio amounting to Rs. 591.7m at end-FY16, 94.2% of it was provided for.

exercised with regards to exposure in risky investments such as MTS JCR-VIS

Figure 1: Performance of AHYS vs. benchmark



Performance of the fund is benchmarked against average 6-month KIBOR. Returns of both benchmark and the fund have trended downwards during the outgoing year. However, the fund has outperformed the benchmark during the same period. Return of AHYS decreased to 8.2% (FY15: 12.2%), while the benchmark return was 6.5% (FY15: 9.0%).

Unit holding pattern demonstrated increase in concentration with top ten investors holding 71.3% (FY15: 67.5%) of the total units at end-FY16. However, in absolute terms, the concentration is still high. During the same period, contribution from retail clients declined to 17.0% (FY15: 23.1%), while related parties contribution share increased to 33.0% at end-FY16 (FY15: 35.2%).

The fund may focus on increasing the returns given that it ranked lowest among its peers, however, caution must be

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