

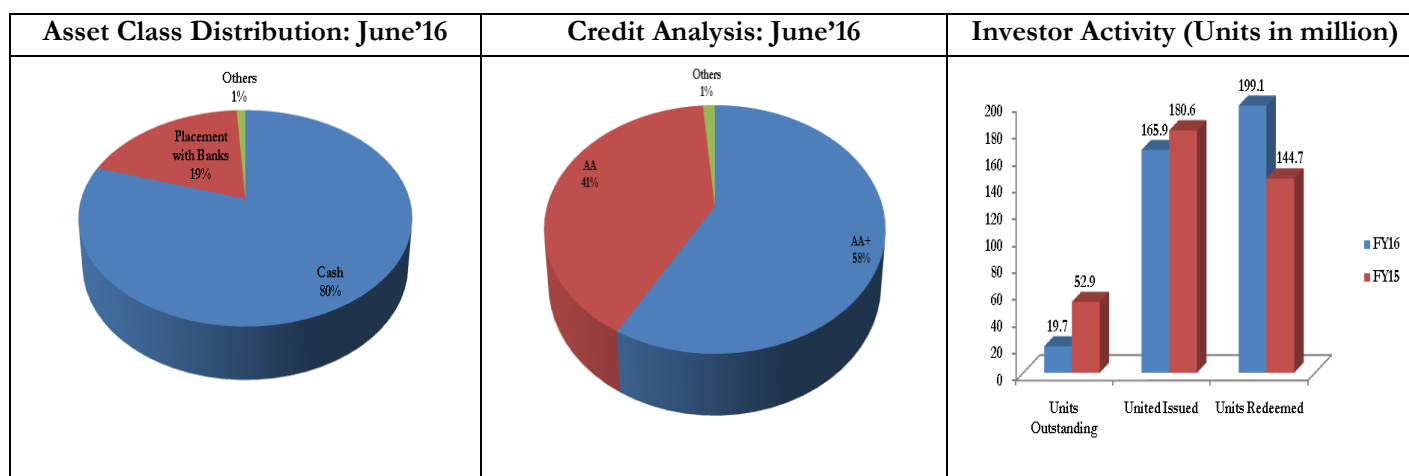
Date: January 02, 2017

Analyst: Talha Iqbal
Sidra Ahsan Qureshi

Investment Objective

To provide to provide high liquidity and competitive returns to investors while seeking preservation of capital through investment in low risk and Shariah Compliant instruments

Al-Ameen Islamic Cash Fund (Formerly UBL Islamic Cash Fund)		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f)	AA(f)
	<i>Dec 29, 2016</i>	<i>Jan 6, 2016</i>
Management Company	UBL Fund Managers Ltd	
Fund Manager	Mr. Muhammad Abdul Hayee	
External Auditors - Fund	BDO Ebrahim and Co	
Trustee	Central Depository Company Ltd.	
Front-end Load	Nil	
Management Fee	10% of the Gross Earnings subject to a min. fee of 0.5% of net assets and a maximum fee of 1% of net assets.	
Benchmark	Average of 3 Months Placement Rate of 3 Islamic Banks (with AA or better banks)	



Al-Ameen Islamic Cash Fund was launched in September'2012 as UBL Islamic Cash Fund. The fund's name was subsequently changed as part of a re-branding strategy. The fund is managed by UBL Fund Managers Limited (UBL FM) with Management Quality Rating of 'AM2++', signifying high management quality.

Size of the fund witnessed significant volatility during FY16, with net assets falling to Rs. 1.9b (FY15: Rs. 5.3b) at end June'16. Average AUM during FY16 amounted to Rs. 4.7b with the highest fund size of Rs. 6.8b noted at end-Sep'15. Fund size further reduced to Rs. 1.5b at end-October'2016.

According to Investment Policy Statement (IPS), the fund's investment avenues constitute Islamic money market instruments with a minimum issuer/issue rating of AA. Only exception to this rule include Islamic money market instruments related to NBFCs and Modarabas', which are subjected to a minimum rating of AAA. The minimum cash and equivalents limit has been set at 25%. IPS limits pertaining to asset allocation of the fund are stated below:

Information herein was obtained from sources believed to be accurate and reliable; however, JCR-VIS Credit Rating Company Limited (JCR-VIS) does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. JCR-VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned in this report. JCR-VIS is not an NRSRO and its ratings are not NRSRO credit ratings. JCR-VIS is paid a fee for most rating assignments. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. Copyright 2017 JCR-VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to JCR-VIS.

JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Table 1: Prescribed Asset Allocation of AICF (% of Total Assets)

	Minimum Limit	Maximum Limit	Minimum Rating
Cash & equivalents	25%	100%	AA
GoP Ijarah Sukuk	0%	70%	AA
Shariah compliant debt and money market securities issued by Provincial Government, Local Government, Government Agencies, Autonomous Bodies.	0%	25%	AA
Shariah compliant debt and money market securities issued by Public & Private Sector entities.	0%	50%	AA
COM/COD/COII	0%	50%	AA
Placements	0%	50%	AA
Others	0%	25%	AA

Majority of the funds were held in the form of cash and bank deposits throughout FY16. Average proportion of total assets deployed in cash and bank deposits amounted to 86% and 13%, respectively.

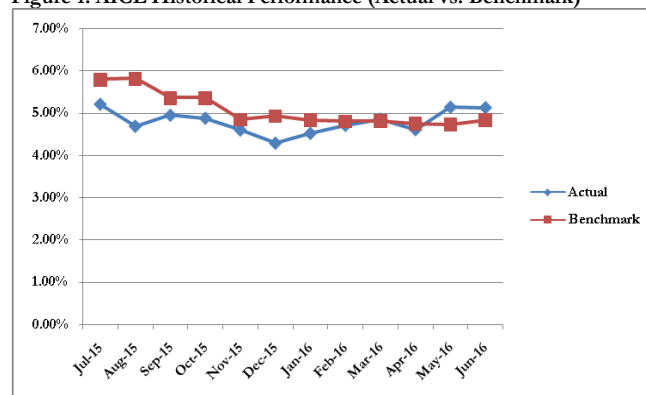
Table 2: Actual Asset Allocation of AICF (% of Total Assets)

	End-FY16	Average FY16
Sukuk	0%	2%
Commercial Paper	-	-
Placements with banks	19%	13%
Cash	80%	85%
Others	1%	0%

Weighted Average Maturity (WAM) of the fund is capped at 90 days, while single asset maturity can extend up to 6 months. At end-FY16, AICF's WAM was 15 days. Throughout FY16, WAM of the fund remained below the stipulated ceiling. Maximum WAM of 20 days was recorded at end-October'2016. Resultantly, exposure to market risk is limited.

The fund is benchmarked against 3-month average placement rates of 3 AA-rated Islamic Banks. The fund underperformed the benchmark by 28bps during the outgoing year. In terms of monthly performance, the fund outperformed the benchmark in 3 months during FY16 while the remaining months demonstrated underperformance.

Figure 1: AICL Historical Performance (Actual vs. Benchmark)



Unit holder concentration reduced in the outgoing year, with top 10 investors holding 29.8% (FY15: 33.1%) of the outstanding units at end-FY16. Related party unit-holding remained sizeable at end-FY16

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>				
29-Dec-16	AA(f)			Reaffirmed
06-Jan-16	AA(f)			Reaffirmed
02-Jun-14	AA(f)			Initial