

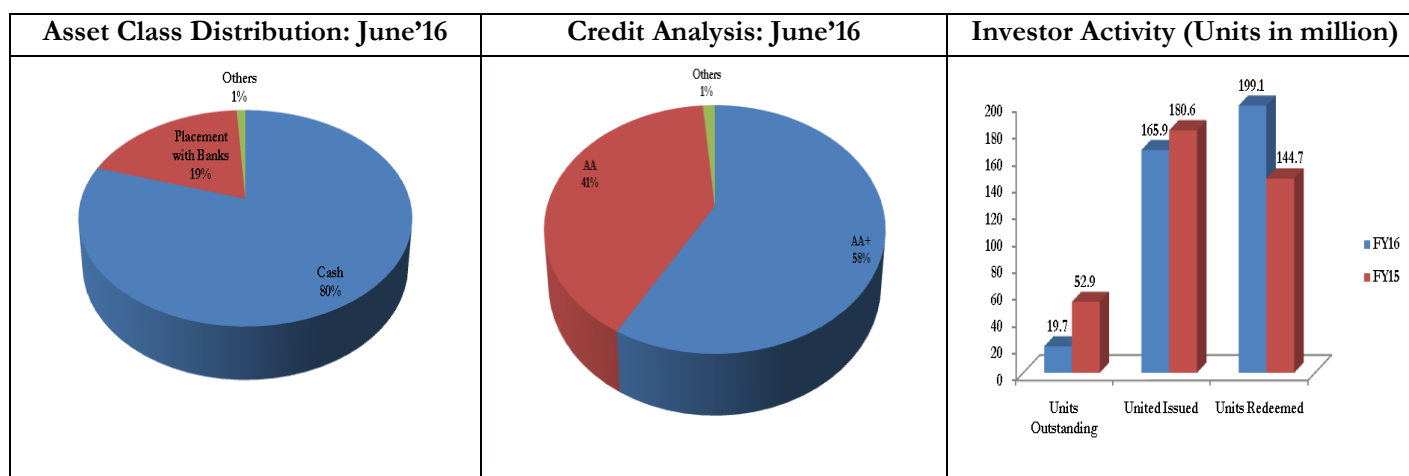
*Date: January 02, 2017*

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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	<b>AA(f)</b>	<b>AA(f)</b>
	<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:

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**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.

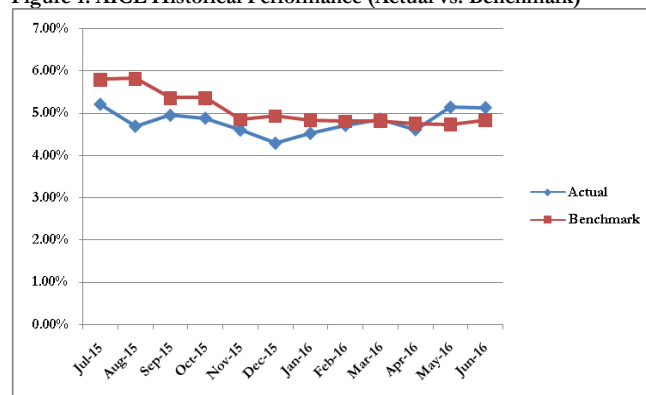
**Table 2: Actual Asset Allocation of AICF (% of Total Assets)**

	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

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability</u></b>				
29-Dec-16	AA(f)			Reaffirmed
06-Jan-16	AA(f)			Reaffirmed
02-Jun-14	AA(f)			Initial