The Pakistan Credit Rating Agency Limited

STABILITY RATING REPORT

FAYSAL SAVINGS GROWTH FUND

[CATEGORY: INCOME FUNDS]

Date	Rating Type	Action	Rating	Outlook	Rating Watch
20-Jun-18	Stability Rating	Maintain	AA-(f)	Stable	-
12-Jul-17	Stability Rating	Maintain	AA-(f)	Stable	-
27-Dec-16	Stability Rating	Maintain	AA-(f)	Stable	-
31-Dec-15	Stability Rating	Maintain	AA-(f)	Stable	-
20-Aug-15	Stability Rating	Initial	AA-(f)	Stable	-

FUND STABILITY REPORT

Jun-18

Faysal Savings Growth Fund

Fund Facts	
Fund	Faysal Savings Growth Fund
Fund Category	Income
Launch Date	12-May-07
Fund Size	PKR 2,444mln
AMC	Faysal Asset Management
AMC Rating	AM3+
Fund Manager	Mr. Syed Shahid Iqbal
Peer Universe	Income Funds

History	Dec-17	Sep-17	Jun-17	Mar-17
Fund Size (PKR mln)	2,444	3,281	3,149	2,887
Category Size (PKR mln)	65,595	72,277	69,960	84,525
Fund NAV (PKR)	104.1	103.1	102.0	106.4
Fund Dividend(PKR)	-	-	5.8	-
WAM (Yrs)	1.56	1.57	1.77	2.07

Asset Allocation Summary

	Dec-17	Sep-17	Jun-17	Mar-17
Cash	58.1%	67.5%	59.4%	48.9%
TFC	32.4%	20.7%	20.8%	23.2%
Others	2.5%	0.6%	0.7%	0.5%
Coomercial Paper	3.1%	3.1%	0.8%	-
T-bills	4.0%	4.5%	3.1%	3.3%
MTS	-	3.6%	15.2%	24.1%
PIBs				
Spread Transactions				

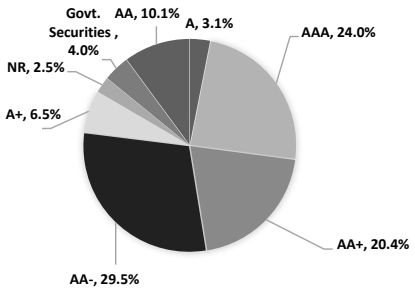
Fund's Objective

To generate competitive returns by investing primarily in debt and fixed income instruments having investment grade credit rating.

Asset Manager (Dec17)

Year of Incorporation	2003
Conventional Funds	7
Shariah-Compliant Funds	2
CEO	Mr. Razi-ur-Rahman
CIO	Mr. Ayub Khuhro
AUMs	PKR 8,179mln (Dec-17)

Credit Quality (Dec'17)

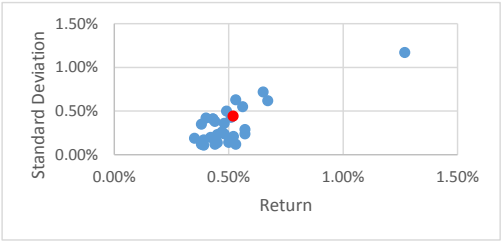


Return Summary

CY17	FSGF	Peer Avg.	Fund SD.*	Peer SD.*
1Q	2.9%	2.2%	0.9%	0.6%
2Q	1.3%	1.4%	0.0%	0.2%
3Q	1.1%	1.2%	0.1%	0.2%
4Q	1.0%	1.2%	0.0%	0.4%

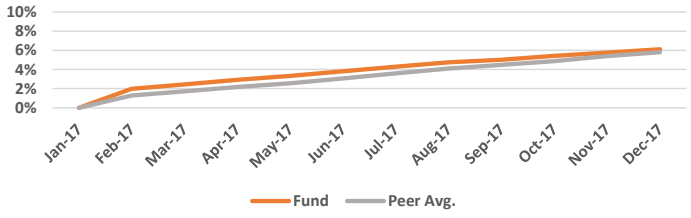
Risk

Return - Standard Deviation Analysis - 1 Year



Performance

FSGF|Peer Avg. | 1Yr| Dec-17 (Cumulative Monthly Returns)



Commentary

The rating reflects fund's strong credit quality and sound liquidity profile. At end-Dec- 17, the portfolio is primarily invested in short-term government securities (T-bills: 4%). The remaining assets of 58% are invested in daily cash balances and bank placements with majority of the portion in 'AAA' & 'AA+' rated banks and 32% in good quality TFCs with 'AA' and above credit rating. The unit holding pattern of the fund is highly concentrated with top10 investors representing 64% of the fund's assets, (of which ~28% are owned investments) which exposes the fund to low level of redemption pressure

Going forward, the fund intends to maintain exposure in government securities, margin trading system (MTS), corporate debt securities and cash balances. The rating is contingent upon the fund's interest rate sensitivity and volatility in prices of TFCs in case of exposure to low rated instruments. Material changes in the fund's asset allocation strategy, which could negatively impact the fund's credit quality and exposure to interest rate risk, remains critical for the rating.

Disclosure

Name of Fund	Faysal Savings Growth Fund
Sector	Mutual Fund
Type of Relationship	Solicited
Purpose of the Rating	Stability Rating
Applicable Criteria	Stability Rating Methodology - June'17
Related Research	Sector Study | Mutual Funds (May-18)
Rating Analysts	Muhammad Usman | muhammad.usman@pacra.com | Shahzaib Khalid | shahzaib.khalid@pacra.com

Regulatory and Supplementary Disclosure

Rating Team Statements
(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

(2) Conflict of Interest

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)]
Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5) (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report |

(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

(18) PACRA does not monitor Stability Rating on continuous basis. Any potential change therein due to any event associated with the fund is incorporated in next review; | Chapter III | 18-(a)
(19) PACRA reviews all outstanding ratings on semi-annual basis | Chapter III | 18-(b)

Proprietary Information

(20) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA's prior written consent