



The Pakistan Credit Rating Agency Limited

## **STABILITY RATING REPORT**

### **UBL Cash Fund**

#### **[CATEGORY: Money Market Fund]**

<b>Date</b>	<b>Rating Type</b>	<b>Action</b>	<b>Rating</b>	<b>Outlook</b>	<b>Rating Watch</b>
28-Sep-23	Stability Rating	Maintain	AA+(f)	Stable	-
29-Mar-23	Stability Rating	Maintain	AA+(f)	Stable	-
29-Sep-22	Stability Rating	Maintain	AA+(f)	Stable	-
01-Apr-22	Stability Rating	Maintain	AA+(f)	Stable	-



# FUND STABILITY REPORT

Sep'23

## UBL Cash Fund

Fund Facts (Jun'23)	
Fund	UBL Cash Fund
Fund Category	Money Market
Launch Date	23-Sep-19
Fund Size	PKR 16,817mln
AMC	UBL Fund Managers Limited
AMC Rating	AM1
Fund Manager	Mr. Syed Sheeraz Ali
Peer Universe	Money Market Funds

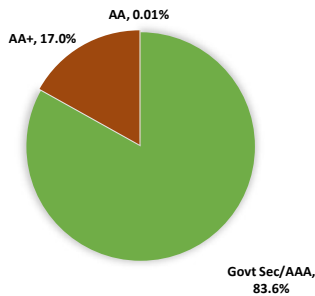
History	Jun'23	Mar'23	Dec-22	Sep-22
Fund Size (PKR mln)	16,817	14,831	15,377	13,473
Category Size (PKR mln)	473,128	440,912	534,523	448,543
Fund NAV (PKR/Unit)	107.9	104.1	107.9	104.1
Fund Dividend (PKR/Unit)	-	-	-	-
WAM (Days)	49	71	29	2
Duration (Days)	1	1	1	2

Asset Allocation Summary				
	Jun'23	Mar'23	Dec-22	Sep-22
Cash	46.6%	8.3%	17.9%	78.9%
Others	-	0.9%	22.6%	15.6%
Bank Placements	-	12.8%	-	5.6%
T-Bills	38.4%	32.6%	57.6%	-
Commercial Papers	-	2.0%	1.8%	-
PIBs	15.0%	-	-	-

**Fund's Objective**  
To generate attractive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors.

Asset Manager (Jun'23)	
Year of Incorporation	2001
Conventional Funds	14
Shariah-Compliant Funds	9
Pension Schemes	2
CEO	Mr. Yasir Qadri
CIO	Mr. Syed Suleman Akhtar, CFA
AUMs	PKR 130bln

### Credit Quality (Jun'23)

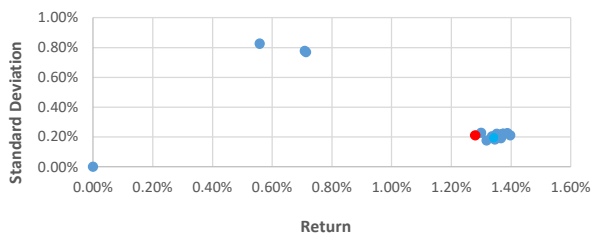


### Return Summary

	UBLCF	Peer Avg.	Fund SD.	Peer SD.
1Q	3.8%	3.1%	0.1%	0.5%
2Q	3.8%	3.1%	0.1%	0.5%
3Q	3.9%	3.6%	0.2%	0.4%
4Q	4.9%	4.6%	0.0%	0.4%
FY23	17.5%	15.2%	0.2%	0.5%

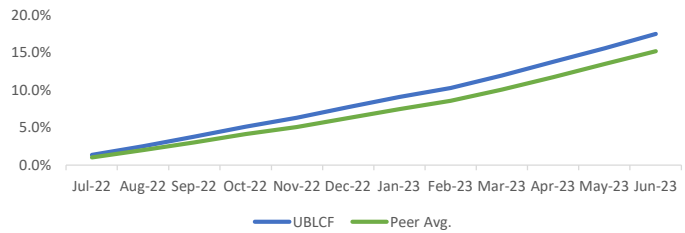
### Risk

#### Return | Standard Deviation Analysis | 01 Year



### Performance

#### UBLCF | Peer Avg. | Jun'23 (Cumulative Monthly Returns)



### Commentary

UBL Cash Fund (or the Fund) is a low risk profile fund. The objective of the Fund is to generate attractive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors. The assigned rating reflects the strength of the Fund's credit and interest rate risk profile. The allocation of the Fund as of Jun'23 was ~38.4% in T-Bills, around ~46.6% cash invested in bank out of which ~34% invested in AA+ rated avenues while remaining ~11.5% invested in AAA rated avenues. However, the Fund had invested ~15% in PIBs at the end Jun'23. The duration of the Fund stood at 1 day at the end Jun'23, limiting the exposure to interest rate risk. The WAM of the Fund stood at 49 days at the end Jun'23, limiting exposure to credit risk. The unit holding pattern of the Fund was ~31.1% representing top ten investor concentration. Going forward, any Material changes in the investment policy or the devised rating criteria for the assigned rating would have an impact on the ratings.



# Stability Ratings Explained

The Stability rating is based on a detailed quantitative assessment of fund's portfolio and qualitative assessment of fund management. It provides the investors with an objective measure as to the main areas of risk to which the income funds are exposed, which is credit risk, liquidity risk and interest rate risk.

## Credit Risk

- The foremost factor is credit risk, having the highest weight in the rating matrix. The opinion is based on review of various factors, including the fund's investment policies regarding credit risk exposure towards various market segments, individual and cumulative credit quality of the investment portfolio, the diversification of assets across investment types and issuers, and weighted average maturity.

## Market Risk

- The more complex part of evaluating a fund's stability involves determining the fund's sensitivity to the changing market conditions. PACRA assess market risk in the nexus of variables affecting the market value of the underlying portfolio. Market value can fluctuate due to a number of variables largely including interest rate, liquidity and operating environment.

## Liquidity Risk

- The liquidity of a security refers to the speed at which that security can be sold for approximately the price at which the fund has it valued. Securities which are less liquid are subject to greater price variability. While analyzing the liquidity of investment portfolio, PACRA considers the types of investments in the portfolio, the maturity structure, and secondary market liquidity.

## Historical Returns Volatility

- Funds having operational history of six-months or more, the variability in returns is gauged on standardized basis through coefficient of variation for each fund in a category. The coefficient of variation is calculated by dividing standard deviation of fund's monthly returns by average monthly return (SD of Monthly Returns/Average Monthly Return).

## Asset Manager

- Management scoring is derived from the asset manager rating of the company managing the fund. PACRA reviews the policies and procedures developed by the management to meet its investment objectives. Therefore, an assessment of the fund manager's qualification and experience, asset management company's capabilities and track record are an integral part to the fund rating process.

### FUND STABILITY RATING SCALE

Symbols	Definitions
AAA(f)	An exceptionally strong capacity to maintain relative stability in returns and possesses negligible exposure to risks.
AA+(f) AA(f) AA-(f)	A very strong capacity to maintain relative stability in returns and possesses low exposure to risks. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions.
A+(f) A(f) A-(f)	A fund with stable performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.
BBB+(f) BBB(f) BBB-(f)	An adequate capacity to maintain relative stability in returns and possesses high exposure to risks. This capacity may be impacted adversely by changes in circumstances or in economic conditions.
BB+(f) BB(f) BB-(f)	A low capacity to maintain stability in returns and possesses very high exposure to risks.
B(f)	A very low capacity to maintain stability in returns and possesses very high exposure to risks.

*The fund stability rating scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings*

### Rating Watch

Alerts to the possibility of a rating change subsequent to, or in anticipation of some material identifiable event. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled.

### Rating Outlooks

Indicates the potential and direction of a rating in response to a) trends in economic and/or fundamental business/financial conditions and/or deviation from expected trend. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

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**Monitoring and review**

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**Proprietary Information**

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