



The Pakistan Credit Rating Agency Limited

STABILITY RATING REPORT

ASKARI HIGH YIELD SCHEME

[CATEGORY: AGGRESSIVE FIXED INCOME]

| Date | Rating Type | Action | Rating | Outlook | Rating Watch |
|-------------|--------------------|---------------|---------------|----------------|---------------------|
| 16-Aug-24 | Stability Rating | Maintain | A(f) | Stable | - |
| 25-Jan-24 | Stability Rating | Maintain | A(f) | Stable | - |
| 27-Jul-23 | Stability Rating | Maintain | A(f) | Stable | - |
| 16-Jan-23 | Stability Rating | Maintain | A(f) | Stable | - |
| 17-Aug-22 | Stability Rating | Maintain | A(f) | Stable | - |
| 17-Feb-22 | Stability Rating | Maintain | A(f) | Stable | - |
| 17-Aug-21 | Stability Rating | Maintain | A(f) | Stable | - |
| 17-Feb-21 | Stability Rating | Maintain | A(f) | Stable | - |

Askari High Yield Scheme

| Fund Facts (Jun-24) | |
|---------------------|-----------------------------------|
| Fund | Askari High Yield Scheme |
| Fund Category | Aggressive Fixed Income |
| Launch Date | 16-Mar-06 |
| Fund Size | PKR 311mln |
| AMC | Pak Oman Asset Management Company |
| AMC Rating | AM3+ |
| Fund Manager | Mr. Abdul Rahim |
| Peer Universe | Aggressive Fixed Income funds |

| History | Jun-24 | Mar-24 | Dec-23 | Oct-23 |
|-------------------------|--------|--------|--------|--------|
| Fund Size (PKR mln) | 311 | 468 | 445 | 427 |
| Category Size (PKR mln) | 14,740 | 18,073 | 14,500 | 15,693 |
| Fund NAV (PKR) | 109.0 | 106.7 | 103.4 | 109.7 |
| Fund Dividend (PKR) | - | - | - | - |
| WAM (Days) | 588 | 599 | 558 | 472 |
| Duration (Days) | 15 | 296 | 198 | 32 |

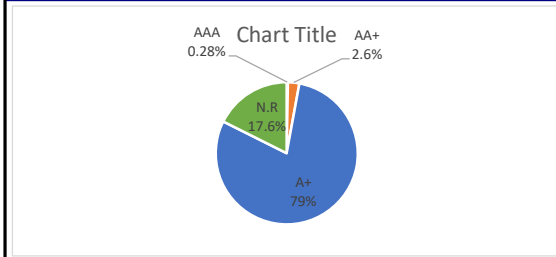
Asset Allocation Summary

| | Jun-24 | Mar-24 | Dec-23 | Oct-23 |
|------------|--------|--------|--------|--------|
| TFCs | 20.4% | 13.9% | 15.4% | 12.3% |
| Cash | 47.4% | 58.2% | 11.0% | 23.2% |
| Sukuks | - | - | - | - |
| CP | - | - | - | - |
| GoP Ijarah | - | - | 29.8% | 12.4% |
| PIBs | - | - | - | - |
| Others | 32% | 27.9% | 44% | 52% |

Fund's Objective

To provide investors an opportunity to make competitive returns from fixed income securities while targetting a portfolio duration of six months.

Credit Quality (Jun-24)



Asset Manager (Jun-24)

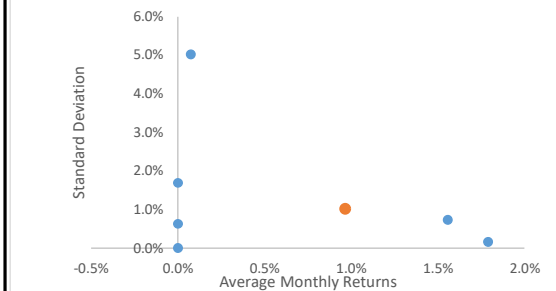
| | |
|-------------------------|-------------------|
| Year of Incorporation | 2006 |
| Conventional Funds | 6 |
| Shariah-Compliant Funds | 2 |
| CEO | Ms. Sadaf Kazmi |
| CIO | Mr. Arsalan Javed |
| AUMs | PKR 3.7bln |

Return Summary

| FY24 | AHYS | Peer Avg. | Fund SD. | Peer SD. |
|------|------|-----------|----------|----------|
| 1Q | 5.9% | 4.2% | 0.45% | 1.1% |
| 2Q | 5.2% | 4.1% | 0.4% | 1.0% |
| 3Q | 4.5% | 4.1% | 1.4% | 1.0% |
| 4Q | 3.4% | 2.4% | 0.0% | 3.2% |

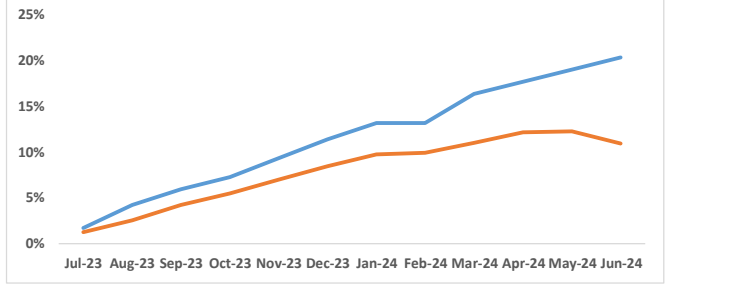
Risk

Return | Standard Deviation Analysis | 1 Year



Performance

AHYS | Peer Avg. | 1Yr | Jun-24 (Cumulative Monthly Returns)



Commentary

Askari High Yield Scheme Fund (or the "Fund") is a moderate risk profile Fund. The assigned rating reflects the Funds' moderate credit risk profile emanating from the Fund's investment policy to invest in avenues with sound liquidity. The Fund remained compliant with the given criteria of investing maximum 25% in single A- rated avenues. The Fund had allocated ~47.4% cash in banks majority in single bank rated A+, ~20.4% in TFCs rated A+ and above, whereas ~32% in others at the end Jun'24. The duration of the Fund stood at 15 days at end Jun'24 (Jun'23: 198 days), exposing high level of interest risk whereas the WAM of the Fund stood at 588 days at the end Jun'24 (Jun'23: 558 days), policy rate hike an upward pressure exposing high credit risk. Consequently, In Jan'24 redemptions were honors post rate hike, which reduced the risk and adjusted the duration to 227 days whereas WAM of the Fund to 652 days. The unit holding pattern of the Fund is highly concentrated where ~83% is represented by top 10 investors. The Fund would remain exposed to redemption pressure.



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. |
| <p><i>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</i></p> | |

| 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'. |

