

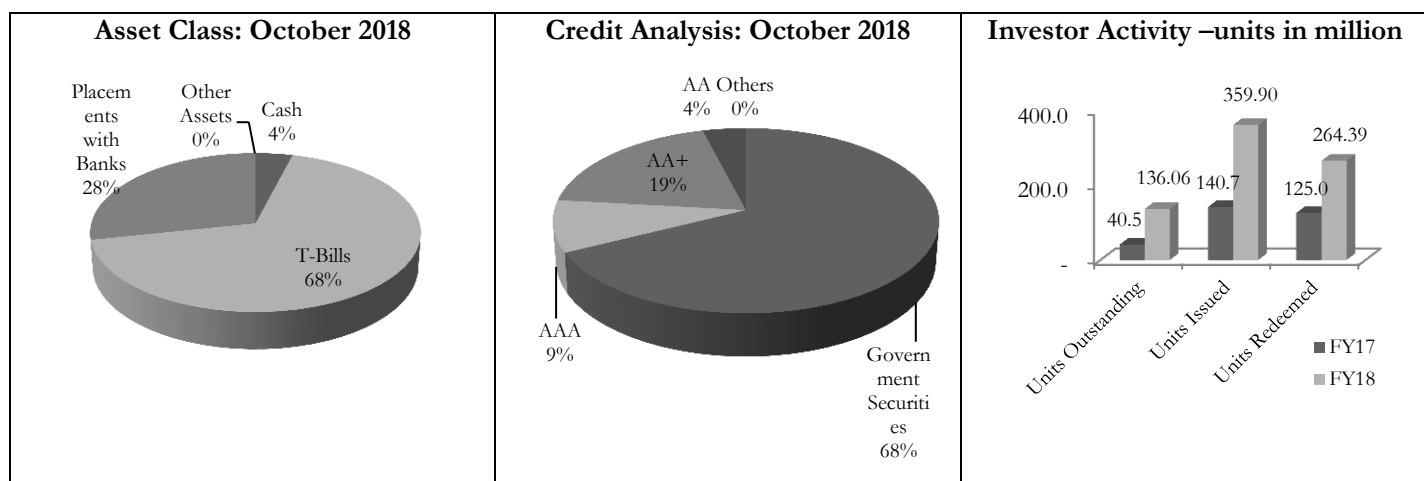
**Date:** January 21, 2019

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**Investment Objective**

To invest in a diversified portfolio of low risk assets. The fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.

UBL Liquidity Plus Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) <i>Dec 31, 2018</i>	AA(f) <i>Dec 29, 2017</i>
Asset Management Company	UBL Fund Managers Limited	
External Auditor - Fund	BDO Ebrahim & Co	
Fund Manager	Mr. Usama Bin Razi	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	7.5% of gross earnings (with min. fee of 0.25% p.a. & max. fee of 1% p.a.)	
Benchmark	70% average of 3M PKRV rates + 30% 3M average deposit rate of 3 AA rated scheduled Banks as selected by MUFAP	



Launched in June 2009, UBL Liquidity Plus Fund (ULPF) was set up with the aim to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. Fund size depicted a steady increase during FY18 to Rs. 14.45b. Subsequently the net assets fell to Rs. 13.3b in October 2018.

As per the fund’s Offering Document (OD), exposure may only be undertaken in AA rated and above exposures, with exposure to Government securities allowed to the extent of 100% of net assets, representing a conservative risk profile. In 2018, there have been certain amendments in the Investment Policy Statement (IPS) of ULPF. According to JCR’s internal criteria for AA rated funds, minimum 25% exposure is required in AAA

rated securities. As per the IPS, there is no minimum required level for AAA rated exposure.

**Table 1: ULPF Asset Class Composition (Per IPS)**

Asset Class	IPS
Cash & Cash Equivalents	20-100%
Deposits with Banks	20-70%
TDRs and clean placements	0%-80%
Lending (LOP etc.) to Banks /DFIs	0-50%
Certificates of Deposit (COD), Certificates of Investment (COI)	0-25%
Reverse repo against GoP or other allowable securities	0-70%
Foreign Investments	0%-30%
Securities Issued by Federal Government	0-100%
Commercial Papers	0-30%
COIs with DFIs	0%-70%
Any other investments	0%-70%

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Asset allocation of the fund at the end of June 2018 was mainly dominated by cash. Given the risk profile of counterparties, and the nature of exposures, the risk is considered manageable. While exposure to T-Bills was reduced to nil at end-June 2018, it comprised more than one-third of assets, on an average, over the course of FY18. Actual asset allocation of the fund is presented in Table 2.

Top-20 investors held 76% (FY17: 67%) of outstanding net assets at end-FY18<sup>[JCR-VIS]</sup>

Table 2: ULPF Asset Class Composition (Per IPS)

	end-June 2018	Average FY18
Cash	89%	59%
T-Bills	0%	40%
PIB	0%	0%
Placements with Banks & DFIs	11%	12%
Other Assets	0%	1%

In line with the investment objective and horizon, weighted average maturity (WAM) of the portfolio is capped at 90 days while single asset maturity may not exceed 6 months. Maximum WAM was recorded at 61 days at end-April 2018. WAM remained within policy limits over the rating horizon.

The fund's benchmark is a blended composition of 70 % average 3M PKRV rates and 30% 3M average deposit rate of three 3 AA rated scheduled banks as selected by MUFAP. During FY18, the fund reported return of 5.51% (FY17: 6.22%) vis-à-vis benchmark of 5.26% (FY17: 5.2%). In comparison with its peers, the fund ranked 2nd (FY17: 15 out of 22) out of 21 funds in terms of gross returns during FY18.

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
RATING TYPE: Fund Stability				
31-Dec-18	AA(f)			Reaffirmed
29-Dec-17	AA(f)			Reaffirmed
29-Dec-16	AA(f)			Reaffirmed
06-Jan-16	AA(f)			Reaffirmed
04-Aug-14	AA(f)			Downgrade
13-May-13	AA+(f)			Reaffirmed
29-Mar-12	AA+(f)			Harmonised
08-Dec-10	AA+(f)			Reaffirmed