

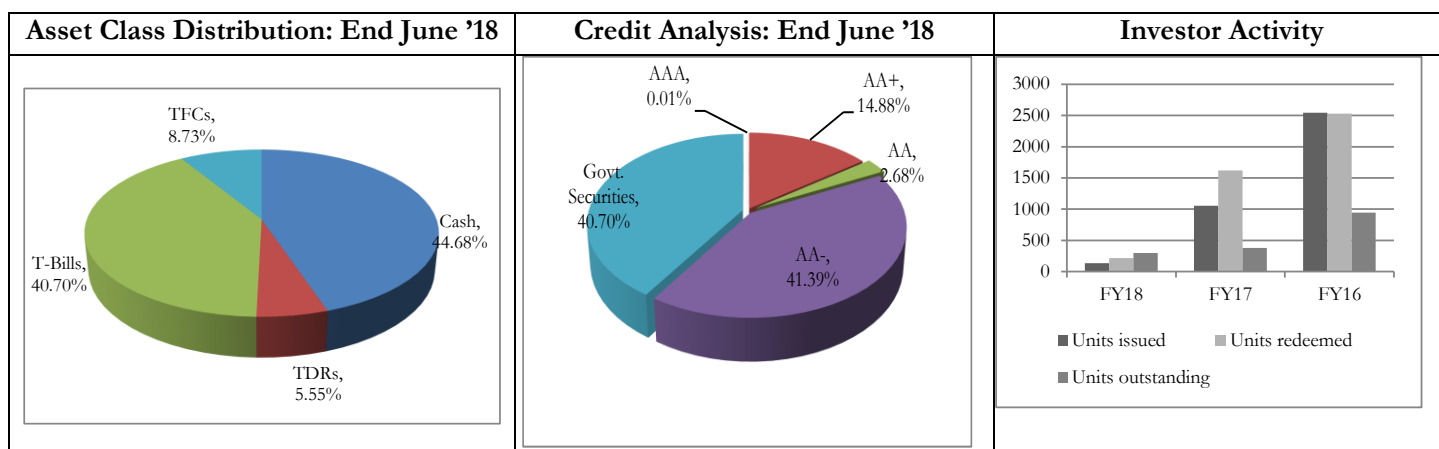
January 16, 2019

**Analyst:** Muhammad Ibad Desmukh  
Muhammad Hamza Amir

**Investment Objective**

To deliver optimal risk adjusted returns by investing mainly in a combination of short to long term Government Securities and other debt instruments.

ABL Government Securities Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>A(f)</b>	<b>A(f)</b>
	Jan 16, '19	Jan 16, '18
Management Company	ABL Asset Management Company Limited	
External Auditor – Fund	A.F.Ferguson and Company Chartered Accountants	
Chief Executive	Mr. Alee Khalid Ghaznavi	
Portfolio Manager	Mr. Fahad Aziz	
Trustee	Central Depository Company Ltd.	
Front-end Load	1.5%	
Back-end Load	Nil	
Management Fee	Class B unit 1.25%	
Benchmark	6 Months PKRV rates	



ABL Government Securities Fund (ABL-GSF) was initiated in November 2011, as an open end mutual fund. As per its mandate, the fund primarily invests in government paper. The fund is managed by ABL Asset Management (ABLAMC), which has ‘AM2++’ rating by JCR-VIS, denoting very good management quality.

Net assets of the fund decreased to Rs. 3.1b (FY17: Rs. 3.8b) at end-FY18.

As per pre-defined exposure limits, the fund must deploy at least 70% of its assets in government securities based on quarterly average investment to be calculated on a daily basis. Other asset deployment sources include corporate debt instruments (with a minimum rating of AA-) and placements with financial institutions. Spread transaction including Margin Trading System is also included with allowable allocation of 0-10%.

Information herein was obtained from sources believed to be accurate and reliable; however, JCR-VIS Credit Rating Company Limited (JCR-VIS) does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. JCR-VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned in this report. JCR-VIS is not an NRSRO and its ratings are not NRSRO credit ratings. JCR-VIS is paid a fee for most rating assignments. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. Copyright 2019 JCR-VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to JCR-VIS.

## JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Actual exposure of the fund was 70.09% in government securities during FY18 based on quarterly average investment calculated on a daily basis, thereby remaining compliant with the IPS.

**Table 1: Asset allocation summary**

	Average FY18	End-June'18	End-June'17	Limits
Cash	32.94%	44.68%	40.9%	0-50%
TDRs	9.31%	5.55%	5.0%	0-15%
T-Bills	48.06%	40.70%	42.7%	70-100%*
PIBs	24.05%	0%	6.6%	70-100%*
TFCs	10.28%	8.73%	4.6%	0-20%
Money Market Placements	0%	0%	0.0%	0-50%
Others including rec.	0.85%	0.34%	0.2%	-

\* Based on quarterly average investment to be calculated on a daily basis

Majority of investments have been concentrated in government Securities signifying low exposure to market risk.

**Table 2: Credit quality summary FY18**

	Average	Max	Min
Government Securities	48.12%	70.08%	31.03%
AAA	9.70%	18.54%	0.00%
AA+	5.94%	14.88%	3.14%
AA	2.49%	5.51%	0.54%
AA-	34.49%	59.08%	14.62%
A+	0.0%	0.00%	0.00%

As per internal policy, the maximum limit for duration and WAM is 4 years. WAM has increased to 337 days (FY17: 189 days) at end-FY18. Internal policy duration limit for the fund is 1-2 years. Actual duration of the fund was 27.88 days at end-FY18 (FY17: 88 days).

**Table 3: Market risk summary FY18**

	Average	Max	Min
WAM	337.6	424	326
Duration	58	118.04	27.88

The fund performance was measured against weighted average of 70% average six month PKRV rates and 30% average 3 months' deposit rates of 'AA-' & above rated banks. The fund consistently underperformed the benchmark throughout the year. Benchmark has subsequently been changed to 6 Months PKRV rates. The funds' ranking with regards to peers has worsened to 12 out of 28 (FY17: 6/28) for FY18.

**Table 4: Performance summary**

Performance	FY18	FY17
Return (%)	5.09%	6.6%
Benchmark	6.2%	5.9%

Total number of investors in the fund increased to 1345 (FY17: 867) at end-FY18. Associate investment was 9% (FY17: nil) while proportion of retail investment slightly reduced to 21% (FY17: 23%) at end-FY18<sup>[JCR-VIS]</sup>

## JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

### Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability</u></b>				
16-Jan-19	A(f)			Reaffirmed
16-Jan-18	A(f)			Reaffirmed
30-Dec-16	A(f)			Reaffirmed
31-Dec-15	A(f)			Downgrade
13-Aug-14	A+(f)			Reaffirmed
17-Jan-13	A+(f)			Reaffirmed
09-Jan-12	A+(f)			Initial
13-Aug-14	A+(f)			Reaffirmed