

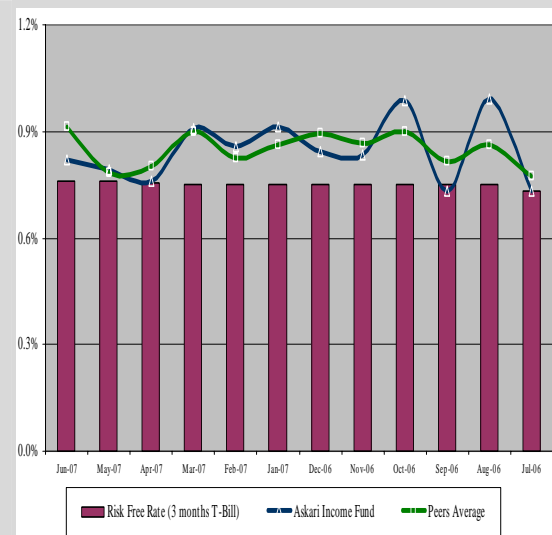


# ASKARI INCOME FUND (ASKIF)

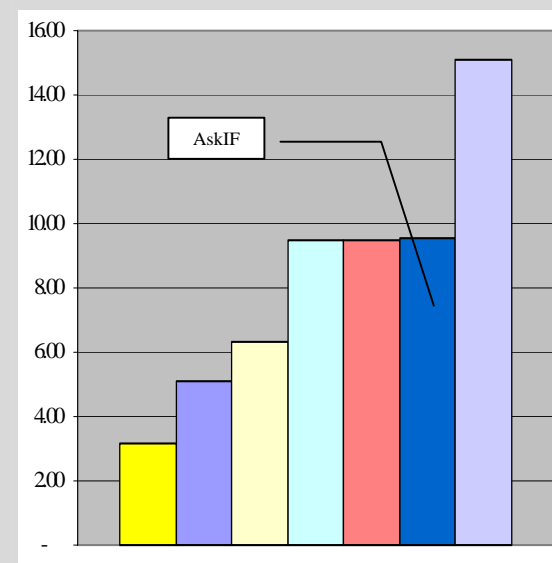
## MUTUAL FUND STAR RATING (MARCH 2008)

<b>NORMAL:</b>	★★★★★
<b>LONG TERM:</b>	Not applicable
<b>FUND:</b>	Askari Income Fund
<b>FUND CATEGORY:</b>	Income Fund
<b>FUND TYPE:</b>	Open-end
<b>LAUNCH DATE:</b>	March 2006
<b>ASSET MANAGER:</b>	Askari Investment Management Limited
<b>ASSET MANAGER RATING:</b>	AM3 (by PACRA)
<b>TRUSTEE:</b>	Central Depository Company

## ABSOLUTE RETURN – MONTHLY



## SHARPE RATIO VS PEERS (FY-07)



## RATING

The star ratings measure the performance of the funds not only on the returns given by these funds over the period of analysis but also the risk – measured by variability in return over monthly periods. For Income or money market funds, the credit quality of the underlying assets is also considered in arriving at the overall rating. The rating of a fund is comparable only to ratings of other funds in the same category. An income fund means a fund that invests in interest-based instruments/securities and weighted average maturity of its assets is more than 90 days at all times.

PACRA assigns two types of star ratings, differentiated on the basis of period of review; (i) normal star ratings based on performance during the trailing 12 months, and (ii) long-term star ratings based on performance during the trailing 36 months period.

As AskIF has operational history of less than three years at end-June07, the Fund, being not eligible for long-term star rating, is assigned normal star rating only. Accordingly, a 5-star rating (normal) has been assigned to AskIF based on the performance during FY07.

## ASSET MANAGER

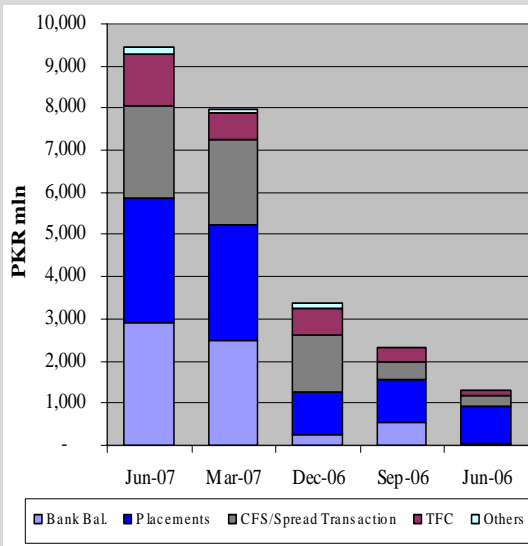
AIM, a wholly owned subsidiary of Askari Bank Limited (AB), commenced its business in May 05 with a paid up capital of PKR 100mln. AB is the country’s eighth largest commercial bank in terms of total assets at end-07. The majority shareholding in the bank is held by Army Welfare Trust (AWT), which has interests in real estate, financial, cement, and pharmaceutical sectors. The bank has very strong financial position, evidenced by a long-term entity rating of AA by PACRA.

The eight-member BoD of AIM comprises five – including AB’s CEO – representatives of the Askari group, while the remaining directors are independent professionals mainly having experience in the financial sector. The majority of the company’s directors also has exposure in capital markets. After the resignation of previous Chief Executive (CEO), Senior Portfolio Manager, Mr. Saeed A. Khan, has been promoted to the CEO position in Sep07. He is B.S. in Business Administration with 26 years of experience in capital markets. Currently, he is also heading the fund management division of the company.

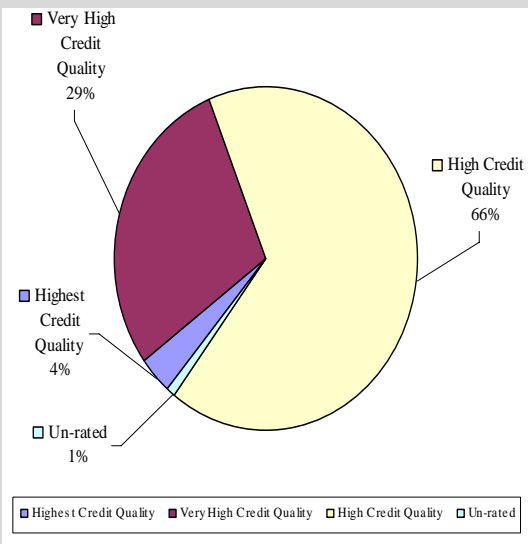
AIM has an asset manager rating of AM3, which reflects the company’s strong capacity to manage the risks inherent in asset management. AIM, in addition to AskIF, is managing Askari Asset Allocation Fund (AAAF), an open-end Asset Allocation Fund, investing primarily in equities and income related investments. The total assets under management of the company at end-Jan08 were around PKR 14bln, mainly originating from income fund category.

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**ASSET ALLOCATION**



**ASSET QUALITY (30-June-07)**



**UNIT HOLDING PATTERN (30-June-07)**

Category	%
Individuals	9.9%
Corporates	39.2%
Financial Institutions	48.8%
Others	2.2%
	100.0%

**PERFORMANCE**

During FY-07, the Fund has given relatively better returns among peers, while keeping the volatility at a low level. Meanwhile, the Fund’s size has also shown a substantial growth during the year – the first complete year of operation – mainly due to fresh investments largely from financial institutions and corporates.

AskIF’s earnings have pre-dominantly been a function of return on bank deposits and placements constituting a major proportion of total assets. The income from Continuous Funding System (CFS) also has a fair contribution in the total income. However, in the light of declining trend in returns on CFS financing, there is a shift in asset allocation from this avenue to TFCs, following the year end07.

**INVESTMENT OBJECTIVES AND METHODOLOGY**

The primary objective of AskIF is to provide investors a broad range of fixed income asset classes to optimize returns, while keeping risk on lower side and maintaining high liquidity. The Fund invests in a mix of spread transaction, CFS, investment grade debt securities, money market instruments, banks deposits and placements and short-maturity reverse repurchase transactions. The focus of investment strategy is to protect capital by diversifying the investments and by managing maturity profile in a manner that reduces the interest rate risk. As a policy, the Fund keeps the average duration of its investment portfolio at two years or less.

The investment process of AskIF is clearly stated and the company adheres to stated investment policies. The Investment Committee (IC) comprises (1) CEO, (2) Senior Portfolio Manager, (3) CFO, and (4) Head of Research and Risk Management. The IC meets regularly on fortnightly basis, where performance/transactions since the last meeting are reviewed, and fresh investment proposals submitted by the fund manager are approved after detailed discussions.

**ANALYST**

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**RATING SCALE**

- ★★★★★ Superior Performance
- ★★★★ Good Performance
- ★★★ Average Performance
- ★★ Weak Performance
- ★ Poor Performance