# Stability Rating Report

**JS Islamic Daily Dividend Fund**  
**[Category: SHARIAH-COMPLIANT Money Market Funds]**

<table>
<thead>
<tr>
<th>Date</th>
<th>Rating Type</th>
<th>Action</th>
<th>Rating</th>
<th>Outlook</th>
<th>Rating Watch</th>
</tr>
</thead>
<tbody>
<tr>
<td>05-Apr-24</td>
<td>Stability Rating</td>
<td>Maintain</td>
<td>AA(f)</td>
<td>Stable</td>
<td>-</td>
</tr>
<tr>
<td>05-Oct-23</td>
<td>Stability Rating</td>
<td>Maintain</td>
<td>AA(f)</td>
<td>Stable</td>
<td>-</td>
</tr>
<tr>
<td>29-Mar-23</td>
<td>Stability Rating</td>
<td>Maintain</td>
<td>AA(f)</td>
<td>Stable</td>
<td>-</td>
</tr>
<tr>
<td>01-Oct-22</td>
<td>Stability Rating</td>
<td>Maintain</td>
<td>AA(f)</td>
<td>Stable</td>
<td>-</td>
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<td>01-Apr-22</td>
<td>Stability Rating</td>
<td>Maintain</td>
<td>AA(f)</td>
<td>Stable</td>
<td>-</td>
</tr>
<tr>
<td>01-Oct-21</td>
<td>Stability Rating</td>
<td>Maintain</td>
<td>AA(f)</td>
<td>Stable</td>
<td>-</td>
</tr>
<tr>
<td>01-Apr-21</td>
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<td>Maintain</td>
<td>AA(f)</td>
<td>Stable</td>
<td>-</td>
</tr>
</tbody>
</table>
**Fund Facts (Dec'23)**

- **Fund**: JS Islamic Daily Dividend Fund
- **Fund Category**: Shariah Compliant Money Market
- **Inception Date**: 3-Sep-20
- **Fund Size**: PKR 4,636mln
- **AMC**: JS Investments Limited
- **AMC Rating**: AM2+
- **Fund Manager**: Mr. Safdar Raza
- **Peer Universe**: Shariah Compliant Money Market

**Asset Allocation Summary**

<table>
<thead>
<tr>
<th>Period</th>
<th>Cash at Bank</th>
<th>CP (Islamic)</th>
<th>Others</th>
<th>Placement with Banks &amp; DFI's</th>
<th>TFC/Sukus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-23</td>
<td>16.1%</td>
<td>-</td>
<td>3.3%</td>
<td>36.0%</td>
<td>44.6%</td>
</tr>
<tr>
<td>Sep-23</td>
<td>2.6%</td>
<td>-</td>
<td>1.9%</td>
<td>72.4%</td>
<td>23.2%</td>
</tr>
<tr>
<td>Jun-23</td>
<td>50.3%</td>
<td>-</td>
<td>2.3%</td>
<td>29.1%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Mar-23</td>
<td>81.8%</td>
<td>-</td>
<td>2.2%</td>
<td>-</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

**Credit Quality (Dec'23)**

- **AAA**: 50.5%
- **AA**: 27.3%
- **AA+**: 18.9%

**Risk**

- **Return Standard Deviation Analysis | 1 Year**

**Commentary**

JS Islamic Daily Dividend Fund (or the "Fund") is a low risk profile fund. The investment objective of the Fund is to meet liquidity needs of the investors by providing daily dividend through investment in Shariah Compliant money market instruments. The Fund operates a diverse portfolio of investments; however, the majority of them shall be short-term for the purpose of maintaining sufficient liquidity. They include Treasury bills, commercial papers and certificates of deposits due to their low credit risk, making them suitable for investors seeking stability and preservation of capital. At the end of Dec'23, the Fund had allocated ~16.1% in AA rated banks, ~35.99% in AA+ DFIs and ~44.62% in AA and AAA rated Sukuk/TFC. Moreover, the Fund had invested ~3.25% of assets in other avenues at the end of Dec’23. The WAM and duration of the Fund stood at 71 days; limiting the exposure of the Fund to credit risk and interest rate risk at end-Dec’23. The top 10 investors’ concentration of the Fund, at the end Dec’23 was ~87.07%; exposing the Fund to a very high level of redemption pressure. Redemption pressure is addressed through the maintenance of sufficient liquidity through allocation in banks.

Going forward, any material changes in the investment policy and/or compliance with the rating criteria for the assigned rating would have an impact on the...
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.

<table>
<thead>
<tr>
<th>Symbols</th>
<th>Definitions</th>
</tr>
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<tbody>
<tr>
<td>AAA(f)</td>
<td>An exceptionally strong capacity to maintain relative stability in returns and possesses negligible exposure to risks.</td>
</tr>
<tr>
<td>AA+(f)</td>
<td>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.</td>
</tr>
<tr>
<td>AA(f)</td>
<td>A fund with strong performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.</td>
</tr>
<tr>
<td>A+(f)</td>
<td>A fund with strong performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.</td>
</tr>
<tr>
<td>A(f)</td>
<td>A fund with strong performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.</td>
</tr>
<tr>
<td>A-(f)</td>
<td>A fund with strong performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.</td>
</tr>
<tr>
<td>BBB+(f)</td>
<td>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.</td>
</tr>
<tr>
<td>BBB(f)</td>
<td>A low capacity to maintain stability in returns and possesses very high exposure to risks.</td>
</tr>
<tr>
<td>BBB-(f)</td>
<td>A very low capacity to maintain stability in returns and possesses very high exposure to risks.</td>
</tr>
<tr>
<td>BB+(f)</td>
<td>A fund with strong performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.</td>
</tr>
<tr>
<td>BB(f)</td>
<td>A fund with strong performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.</td>
</tr>
<tr>
<td>BB-(f)</td>
<td>A fund with strong performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.</td>
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<tr>
<td>B(f)</td>
<td>A fund with strong performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.</td>
</tr>
</tbody>
</table>

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’ outlook means it may be raised. ‘Negative’ outlook means it may be lowered. Where the trends have conflicting elements, the outlook may be described as ‘Developing’.
### Name of Fund
JS Islamic Daily Dividend Fund

### Sector
Mutual Fund

### Type of Relationship
Solicited

### Purpose of the Rating
Stability Rating

### Applicable Criteria
Stability Rating Methodology (Jul-23)

### Related Research
Sector Study | Mutual Funds | Stability Rating (Feb-24)

### Rating Analysts
Kishmala Maqsood | kishmala.maqsood@pacra.com

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   - (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
   - (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
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