

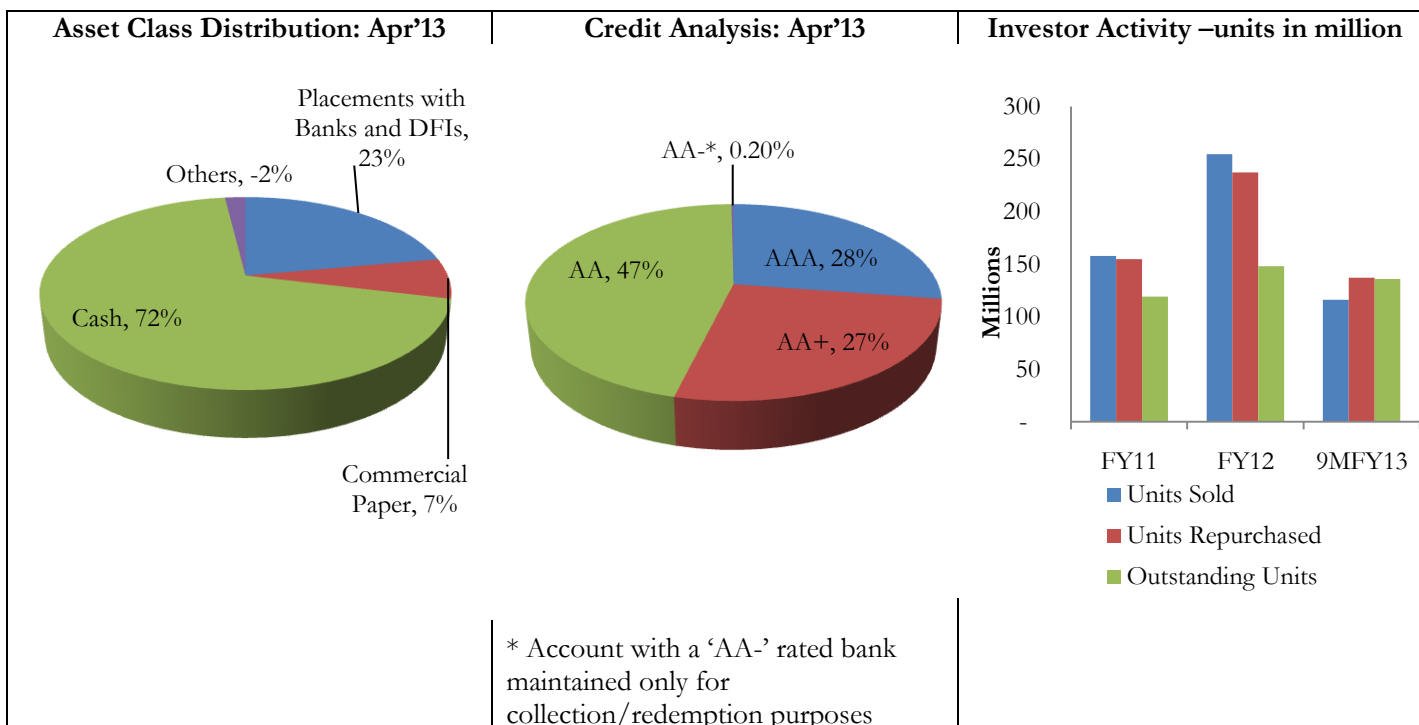
Date: Sept 03, 2013

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Investment Objective

To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shari’ah compliant money market and debt securities.

Meezan Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) Aug 15, 2013	AA(f) Dec 31, 2012
Asset Management Company	Al Meezan Investment Management Limited (AMIML)	
Shariah Advisor	Meezan Bank Ltd	
External Auditor - Fund	KPMG Taseer Hadi & Co.	
Chief Executive	Mr. Mohammad Shoab, CFA	
Fund Manager	Mr. Zain Malik	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil (0.1% if redemption within 3 days)	
Management Fee	1%	
Benchmark	Average return on 6-month Islamic bank deposits	



Meezan Cash Fund (MCF) is structured as a Shari’ah compliant money market fund. The peer group for Shari’ah compliant money market funds comprises three funds; of these, MCF is the largest fund. Net assets of the fund stood lower at Rs. 6.5b at end-Jun’13 relative to Rs. 7.4b at end-

FY12. During the outgoing year, highest fund size was recorded at Rs. 6.9b at end-December, 12.

Given the regulatory restrictions on money market funds to invest in at least ‘AA’ rated exposures and maintain weighted average maturity of the

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fund below 90 days, a low risk investment policy has been adopted for MCF.

Asset allocation of the fund in different avenues has remained largely consistent as tabulated below:

Table 1: Asset Allocation

<i>(amounts in Rs. billion)</i>	Average Asset Allocation		
	Avg. FY11	Avg. FY12	Avg. FY13
Bank deposits	64%	68%	64%
Placements	27%	22%	23%
GoP Ijarah Sukuk /Commercial paper	5%	8%	12%
Other assets	3%	2%	2%
Net assets (end of period)	6.0	7.4	6.5

Cash and bank balances with various financial institutions comprised the bulk of net assets (38%) at end-Jun'13. Additionally, placements with banks and DFIs represented around 23% of net assets. Exposure in commercial papers had been increased during FY13; by year-end however, only 3% of net assets were deployed in this avenue. The fund has been regularly investing in commercial paper/short-term Sukuk issued by Hub Power Company Limited (HUBCO) and Kot Addu Power Company (KAPCO), both rated 'AA+'. Moreover, the fund invested in GoP Ijarah sukuk in May, 13, representing 32% of net asset at year end.

In terms of credit quality of exposures assumed by the fund, almost 67% exposures were 'AAA'; about 5% and 25% exposures were against issuers/issues rated 'AA+' and 'AA', respectively.

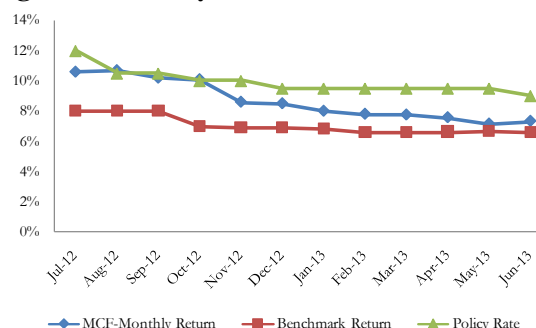
Weighted average time to maturity of assets stood at 52 days at end-Jun, 13 (end-June, 12: 17.5 days). While the maturity profile of assets has extended over time, it remains well within the maximum limit of 90 days.

Top ten investors had an aggregate holding of 36.3% in outstanding units of the fund at end-Dec, 12 and comprised institutional clients. Concentration level in MCF is the lowest across all the investment schemes offered by AMIML.

Largest investor had a holding of around 9%. Proportion of retail investors in the fund was maintained at around 47% at end-Jun'12. In view of the low risk profile of the fund, its ability to meet redemption pressure without having a significant impact on NAV, is considered sound.

Performance of the fund on a monthly basis is plotted in the following graph:

Figure 1: Monthly Performance



In comparison with benchmark, which is average return on 6-month Islamic bank deposits, the fund has performed better since inception. Given the decline in discount rate, return of the fund has trended downwards. Return of the fund is expected to move largely in line with deposit rates offered by banks. Given its size, the fund continues to fetch higher deposit rates from financial institutions also reflected in the fund's superior return in comparison to peers.

Table 2: Performance Summary

MCF	FY11	FY12	FY13
Return*	10.95%	10.49%	8.78%
Benchmark	8.24%	8.13%	6.91%

*The fund has maintained provisions against Workers' Welfare Fund's liability.

Given the low exposure to various sources of risks, the fund is expected to exhibit stability in returns, barring any changes in the benchmark rate itself [JCR-VIS]

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
15-Aug-13	AA(f)			Reaffirmed
01-Jan-13	AA(f)			Reaffirmed
27-Dec-11	AA(f)			Reaffirmed
09-Dec-10	AA(f)			Reaffirmed