

**Date: December 28, 2018**

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**Investment Objective**

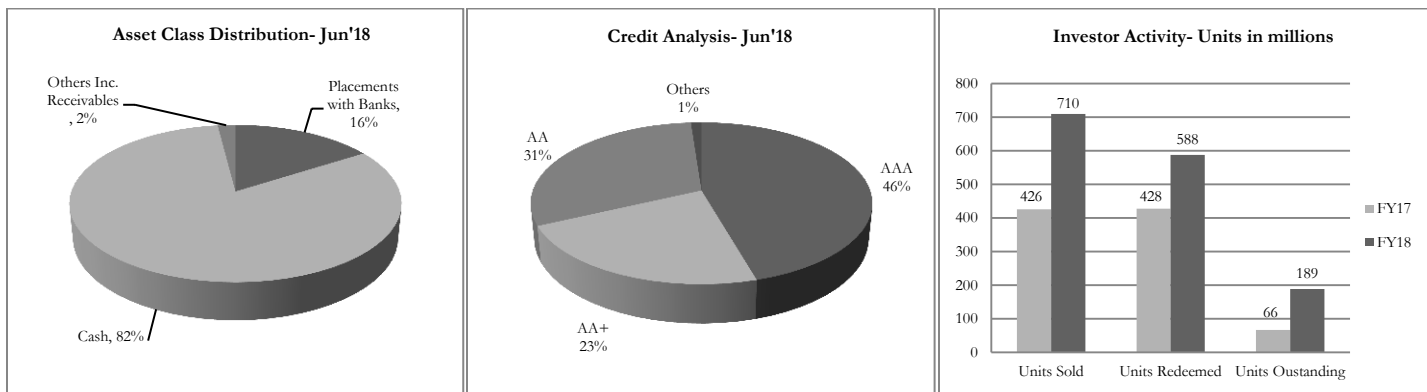
The objective of the fund is to seek maximum possible capital preservation and reasonable rate of return via investing mainly in liquid Shariah compliant money market and debt securities.

<b>Meezan Cash Fund</b>		
<b>Rating Category</b>	<b>Latest</b>	<b>Previous</b>
Fund Stability Rating	<b>AA(f)</b> <i>Dec 28, 2018</i>	<b>AA(f)</b> <i>Dec 29, 2017</i>
AMC	Al Meezan Investment Management Ltd.	
External Auditors – Fund	A.F. Ferguson and Co. Chartered Accountants	
Fund Managers	Zain Malik, CFA	
Shariah Advisor	Meezan Bank Limited	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil (0.1% if redemption within 3 days)	
Management Fee	1.0%	
Benchmark	Three months average deposit rates of three AA rated Islamic Banks or Islamic windows of Conventional banks	

<b>MCF</b>	<b>FY17</b>	<b>FY18</b>
Type of Scheme	Money Market	
Return (%)	6.1%	4.3%
Peer Average (%)	5.0%	4.7%
Benchmark (%)	2.9%	2.6%
Relative Ranking	1 out of 4	4 out of 4
Fund Size (in Rs. m)	3,350	9,920
Retail (%)	53%	43%
Associates (%)	24%	45%
Number of Investors	3,462	7,038
Top 10 Investors / AUMs	34%	48%
Fund Stability Rating	AA(f)	AA(f)
Management fee	1.00%	1.00%
WATM	1 day	0.02 day
Modified Duration (at end-June)	0 years	0.02 years
<b>Asset Allocation (at end-June)</b>		
<i>Corporate Sukuk</i>	-	-
<i>Government backed / issued Securities</i>	-	-
<i>Placements with Banks</i>	-	16%
<i>Cash &amp; Others Inc. Rec.</i>	100%	84%
Total non-performing Investments	-	-

## JCR-VIS Credit Rating Company Limited

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



Meezan Cash Fund (MCF) was launched as an open-end Shariah compliant money market scheme on June 15th, 2009. As per mandate, the fund aims to provide investors maximum returns through investing in specified money market and debt securities. The fund further offers maximum preservation of principal investment while maintaining high level of liquidity. Net assets of the fund increased to Rs. 9,920m (FY17: Rs. 3,350m) at end-June'2018.

**Table 1: Offering document (extract)**

Description	Min rating	Min- Max Limits
Shariah compliant debt and money market securities (including those issued by government)	AA	0%-70%
Bank deposits in licensed Islamic banks & Islamic windows of conventional banks	AA	20%-100%
Any Shariah compliant structure: Musharika, Muarabah, Ijarah and others	AA	0%-50%
Subject to SECP's approval, Shariah compliant securities traded outside Pakistan	AA	0%-30% (Cap of \$15m)
Any other Shariah compliant investment approved by Shariah advisor and authorized by Commission	AA	0%-30%

The Investment Committee (IC) comprises Chief Executive Officer (CEO), Chief Investment Officer (CIO), Head of Research, Head of Risk Management and fund managers. Decision making is based on consensus.

### Asset Allocation

Actual asset allocation has been maintained in line with the policy limits stipulated above. On month-end average basis, almost 82% of total assets were held as cash, 14% were placed in banks and DFI and remaining 5% comprised other receivables.

**Table 2: Asset Allocation**

Asset Allocation	Jun'17	Jun'18	Average
Placements with Banks and DFIs	0%	16%	14%
Cash	83%	82%	82%
Other including receivables	17%	2%	5%

### Credit Risk

In line with the investment policy, the fund's exposure to credit and market risk has been maintained at low end of the risk spectrum. Moreover, the fund remained complied with minimum exposure of 25% in AAA rated investments.

**Table 3: Credit Quality Summary- FY18**

Credit Quality	Average	Maximum	Minimum
AAA	53%	75%	23%
AA+	18%	42%	0%
AA	25%	33%	14%

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To minimize losses resulting from volatility in benchmark rate, the fund's weighted average maturity (WAM) and duration are capped at 90 days. Maximum duration during FY18 was reported at 18 days during Feb'2018 which is below the limit of 90 days as per policy.

### Liquidity Profile

In terms of AUM profile, retail share declined to 43% (FY17: 53%) and share of associates increased substantially to 45% (FY17: 24%). Moreover, concentration of top ten investors increased to 48% (FY17: 34%) as at end-June' 2018.

### Fund Performance

Table 4: Fund performance

	FY17	FY18
<b>Return (%)</b>	6.1%	4.3%
<b>Benchmark (%)</b>	2.9%	2.6%
<b>Peer Average</b>	5.0%	4.7%
<b>Relative Ranking</b>	1/4	4/4

During the period under review, returns have remained above the benchmark rates. However, net return of the funds compare unfavourably to the peers as at end-June'18

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**Rating History**

<b>Rating Type</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Rating Action</b>
<b>Fund Stability</b>	12/28/2018	AA(f)	Reaffirmed
<b>Fund Stability</b>	12/29/2017	AA(f)	Reaffirmed
<b>Fund Stability</b>	12/30/2016	AA(f)	Reaffirmed
<b>Fund Stability</b>	1/12/2016	AA(f)	Reaffirmed
<b>Fund Stability</b>	10/28/2014	AA(f)	Reaffirmed
<b>Fund Stability</b>	8/15/2013	AA(f)	Reaffirmed
<b>Fund Stability</b>	1/1/2013	AA(f)	Reaffirmed
<b>Fund Stability</b>	12/27/2011	AA(f)	Reaffirmed
<b>Fund Stability</b>	12/9/2010	AA(f)	Reaffirmed