

*Date: January 13, 2021*

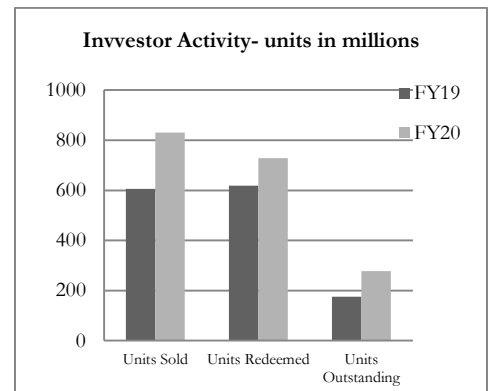
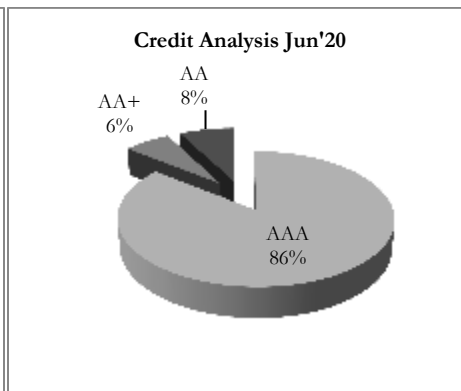
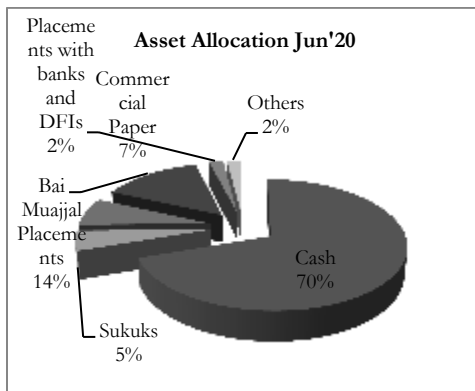
**Analysts:** Arsal Ayub, CFA  
Syeda Aminah Asim

### **Investment Objective**

The objective of the fund is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily 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>Jan 7, 2021</i>	<b>AA(f)</b> <i>Dec 30, 2019</i>
AMC	Al Meezan Investment Management Ltd.	
External Auditors – Fund	A.F. Ferguson and Co. Chartered Accountants	
Fund Managers	Faizan Saleem, MBA	
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	Up to 0.6% p.a. (min 0.10%)	
Benchmark	Three months average deposit rates of three AA rated Islamic Banks or Islamic windows of Conventional banks	

<b>MCF</b>	<b>MCF</b>	
	<b>FY19</b>	<b>FY20</b>
Type of Scheme	Money Market	
Return (%)	7.8%	11.0%
Peer Average (%)	8.1%	10.9%
Benchmark (%)	3.4%	5.4%
Relative Ranking	4 out of 4	7 out of 9
Fund Size (Rs. in m)	8,846	14,026
Retail (%)	91%	89%
Associates (%)	0%	0%
Number of Investors	15,273	18,207
Top 10 Investors / AUMs	7%	12%
Fund Stability Rating	AA(f)	AA(f)
Management fee	1.00%	Up to 0.6% p.a. (min 0.10%)
WATM	0.13 years	0.05 years
Modified Duration (at end-June)	0.08 years	0.05 years
<b>Asset Allocation (at end-June)</b>		
<i>Bai Muajjal Placements</i>	-	14%
<i>Placements with Banks</i>	45%	2%
<i>Corporate Sukuk</i>	7%	5%
<i>Commercial Paper</i>	16%	7%
<i>Cash &amp; Others Inc. Rec.</i>	32%	71%



Launched in June 2009, Meezan Cash Fund (MCF) is an open-end Shariah compliant money market scheme. As per its mandate, the fund aims to provide its investors with maximum returns through deploying assets in specified money market placements and debt securities. Furthermore, MCF offers maximum preservation of principal investment while maintaining high level of liquidity.

As at end-Nov'20, net assets stood at Rs. 16.2b (FY20: Rs. 14.03b; FY19: Rs. 8.85b).

**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%-As specified by SECP in the Approval
Any other Shariah compliant investment approved by Shariah advisor and	AA	0%-As specified by SECP in the

authorized by Commission Approval

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

**Asset Allocation**

During FY20, the fund's asset allocation plan has remained primarily invested in its cash and bank balances with remaining exposure comprised of commercial paper, Sukuks, Bai Muajjal Placements, and other receivables. Actual asset allocation has been maintained in line with the policy limits stipulated above, except for Placements with Banks and DFIs where minimum witnessed deviations.

**Table 2: Asset Allocation**

Asset Allocation	Jun'19	Jun'20	Average
Placements with Banks and DFIs	45%	2%	14%
Cash	28%	69%	57%
Corporate Sukuk	7%	5%	4%
Commercial Paper	16%	7%	12%
Bai Muajjal Placements	-	14%	9%
Other including receivables	4%	2%	3%

**Credit Risk**

As per the required investment policy guidelines, the fund complied with minimum exposure of 25% in AAA rated investments.

**Table 3: Credit Quality Summary- FY20**

Credit Quality	Average	Maximum	Minimum
AAA	60%	84%	44%
AA+	19%	28%	6%
AA	18%	32%	8%

Weighted Average Maturity, WAM of the fund is capped at 90 days, maximum WAM during FY20 was reported at 9 days at end-June'20 which is below the limit of 90 days as per policy and criteria for the assigned rating.

### **Liquidity Profile**

AUM profile of the fund comprised of 89% holdings by retail investors being the highest in the industry during FY20, whereas share of associates has diminished to almost nil participation. Given the fund's liquid asset allocation plan, ability to meet redemptions is considered adequate.

### **Fund Performance**

**Table 4: Fund performance**

	FY19	FY20
<b>Return (%)</b>	7.8%	11.0%
<b>Benchmark (%)</b>	3.4%	5.4%
<b>Peer Average</b>	8.1%	10.9%
<b>Relative Ranking</b>	4/4	7/9

During the period under review, fund returns have outperformed the benchmark rates. Also, the same has outperformed among peers in FY20. Maintaining its historical trend, the fund posted an annualized return of 11.0% (FY19: 7.8%) significantly outperforming its benchmark of 5.4%. At end-June'20, relative ranking of the fund stood at 7<sup>th</sup> out of a total of 9 funds in the category.

### Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	07/01/2021	AA(f)	Reaffirmed
Fund Stability	12/30/2019	AA(f)	Reaffirmed
Fund Stability	12/28/2018	AA(f)	Reaffirmed
Fund Stability	12/29/2017	AA(f)	Reaffirmed
Fund Stability	12/30/2016	AA(f)	Reaffirmed
Fund Stability	1/12/2016	AA(f)	Reaffirmed
Fund Stability	10/28/2014	AA(f)	Reaffirmed
Fund Stability	8/15/2013	AA(f)	Reaffirmed
Fund Stability	1/1/2013	AA(f)	Reaffirmed
Fund Stability	12/27/2011	AA(f)	Reaffirmed
Fund Stability	12/9/2010	AA(f)	Reaffirmed

<b>FINANCIAL SUMMARY</b>		<i>(Amounts in PKR millions)</i>	
<b><u>BALANCE SHEET</u></b>		<b>FY19</b>	<b>FY20</b>
Paid Up Capital		NA	NA
Total Equity		NA	NA
<b><u>INCOME STATEMENT</u></b>			
Total income		1,085.6	1,404.3
Profit Before Tax		901.6	1,217.0
Profit After Tax		901.6	1,217.0
<b><u>RATIO ANALYSIS</u></b>			
Net Cash Generated from Operating Activities		(2,471.9)	969.1
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA