

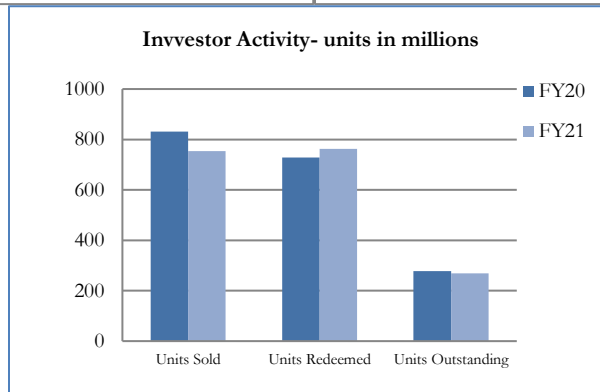
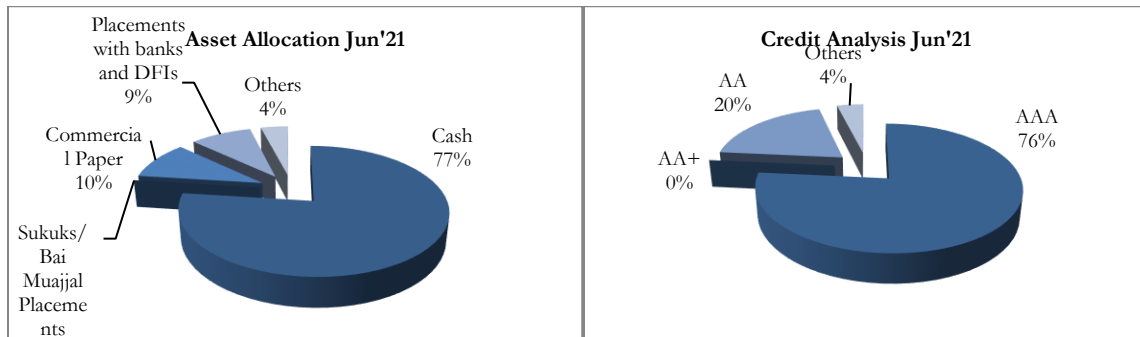
Date: December 27, 2021

Analysts: Asfia Aziz

**Investment Objective**

To seek maximum preservation of capital and a reasonable rate of return via investing in liquid Shariah Compliant money market and debt securities.

Meezan Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f)	AA(f)
	Dec 27,2021	Jan 12, 2021
AMC	Al-Meezan AMC	
External Auditors – Fund	A.F. Ferguson & Co. Chartered Accountants	
Trustee	CDC	
Front-end Load	Nil	
Back-end Load	0.1% if redemption within 3 days	
Management Fee	Up to 0.6% per annum (min 0.1%)	
Benchmark	Three months average deposit rates of three AA rated Islamic Banks or Islamic windows of Conventional banks	



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-Oct'21, net assets declined to Rs. 12.9b (FY21: Rs. 13.6b; FY20: Rs. 14.03b; FY19: Rs. 8.85b).

Investment Committee (IC) comprises of key personnel from top management along with representatives from investment, research and risk management department.

**Offering document (extract)**

Description	Min rating	Min- Max Limits
Shariah compliant debt and money market securities (including those issued by government) with maturity not exceeding 6 months	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 authorized by Commission	AA	0%-As specified by SECP in the Approval

**Asset Allocation:**
**Asset Class Distribution:**

Asset Allocation (% of Total Assets)	Average FY20	Average FY21	Jun'21
Cash	57.0%	72.8%	77.0%
Sukuks/ Bai Muajjal Placements	8.8%	7.7%	0%
Commercial Paper	4.2%	9.5%	10.0%
Placements with banks and DFIs	14.5%	7.7%	9%
Others	15.5%	2.3%	4.0%
<b>Total</b>	<b>100.0%</b>	<b>100.00%</b>	<b>100.00%</b>

During FY21, the fund's asset allocation was in compliance with the standards specified in the offering document. The fund's major holding at end June'20 was engrossed in cash at 69%, which increased to 77% by end-June'21. On average, asset allocation in cash holdings remained at 73%.

**Credit Quality:**
**Credit Quality**

Credit Quality	Average	Maximum	Minimum
<b>AAA</b>	74%	86%	56%
<b>AA+</b>	6%	10%	0%
<b>AA</b>	18%	37%	4%
<b>Others</b>	2%	4%	1%

As per the assigned ratings policy, the fund complied with minimum exposure of 25% in AAA rated investments. In order to cater to its mandate, the fund is required to invest in instruments that have a minimum credit quality rating of 'AA' or higher. The fund complied with the requirements of the offering document during the outgoing year.

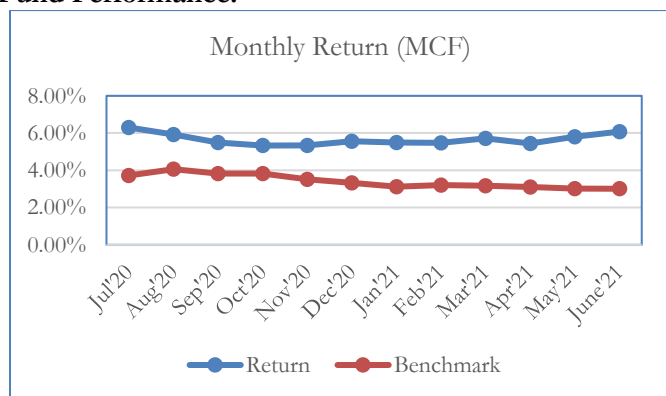
**Market Risk:**

Weighted Average Maturity, WAM of the fund is capped at 90 days, maximum WAM during FY21 was reported at 18 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 91% holdings by retail investors at end-FY21, 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. Investor concentration also remains fairly diversified with top 10 investors accounted for 15% of total fund.

**Fund Performance:**



**Fund Performance:**

Performance	FY20	FY21	Oct'21 YTD
Total Return	11.0%	5.8%	7.44%
Quartile	Q3	Q4	Q2
Peer Ranking	7/9	13/14	7/15
Benchmark Return	5.4%	3.4%	3.25%
Peer Average	10.88%	6.02%	7.31%

Benchmark of the fund is determined by a mix of Three (3) months average deposit rates of Three (3) AA rated Islamic Banks or Islamic windows of conventional bank as Selected by MUFAP. Over the past two years, the fund has consistently outperformed its benchmark return. MCF generated an annualized return of 5.8% (FY20: 11.0%) for FY21, above its benchmark rate of 3.4% (FY20: 5.4%). Fund performance with respect to peers declined in FY21 with the return parking in the fourth quartile. However, performance improved in 4MFY22 with the fund parking its return in the second quartile.

**Rating History**

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/31/2021	AA(f)	Reaffirmed
Fund Stability	01/12/2021	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>BALANCE SHEET</b>	FY20	FY21
Paid Up Capital	NA	NA
Total Equity	14,026.4	13,557.0
<b><u>INCOME STATEMENT</u></b>		
Total Income	1,404.3	1,038.4
Profit Before Tax	1,217.0	838.9
Profit After Tax	1,217.0	838.9
<b><u>RATIO ANALYSIS</u></b>		
Current Ratio (x)	NA	NA
Gearing (x)	NA	NA