

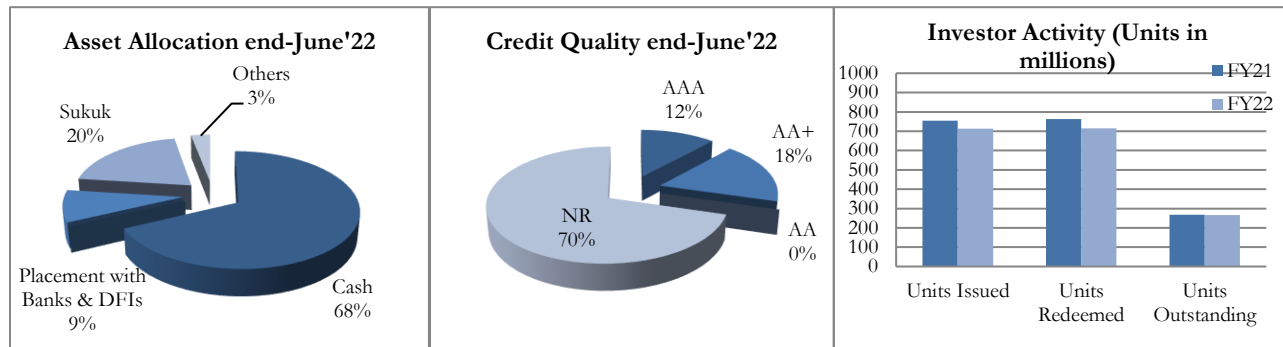
Date: January 03, 2023

Analyst: Musaddeq Ahmed Khan

Investment Objective

To seek maximum possible 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)
	Jan 03, 2023	Dec 27, 2021
AMC	Al-Meezan AMC	
External Auditors – Fund	E.Y. Ford Rhodes, 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	



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 possible preservation of principal investment while maintaining high level of liquidity.

As at Oct'22, net assets increased to Rs. 19.5b (Jun'22: 13.5b; Jun'21: Rs. 13.6b).

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
Secured, unsecured, listed, unlisted and privately placed money market securities including Sukuks and Commercial Paper issued by Federal Government, Provincial Government, Local Government, Government Agencies, Autonomous Bodies, public sector entities and private sector entities.	AA	0%-70%
Bank Deposits in licensed Islamic Banks and licensed	AA	20%-100%

Islamic Banking windows of conventional Banks		
Any other Shariah compliant structure, instrument or security including but not limited to Certificate of Deposit (CoD), Certificate of Musharaka (CoM), Musharaka, Modaraba, Ijarah, Murabaha (including commodity Murabaha), Salam, Istisna, etc provided by Federal Government, Provincial Government, Local Government, Government Agencies, Autonomous Bodies, public sector entities, private sector entities, licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks as per the guidelines of the Fund's Shariah Advisor.	AA	0%-50%
Any other Shariah Compliant investment whether local or international which may be authorized by the fund's Shariah Advisors, SECP and SBP	AA	0%-As specified by SECP in the Approval

Asset Allocation:

Asset Class Distribution:

Asset Allocation (% of Total Assets)	Average FY21	Average FY22	Jun'22
Cash	72.8%	78.4%	68.0%
Sukuks/ Bai Muajjal Placements	7.7%	4.6%	20.0%
Commercial Paper	9.5%	3.0%	0.0%
Placements with banks and DFIs	7.7%	11.7%	9.0%
Others	2.3%	2.3%	3.0%
Total	100.0%	100.0%	100.0%

During FY22, the fund's asset allocation was in compliance with the standards specified in the Offering Document

(OD). The fund's major holding as of June'22 was engrossed in cash at 68.0% (June'21: 77.0%). Furthermore, Cash received the highest allocation of the fund's resources, on month-on-month basis.

Credit Quality:

Credit Quality

Credit Quality	Average	Maximum	Minimum
AAA	80.0%	91.6%	53.4%
AA+	7.3%	11.8%	0.0%
AA	10.8%	40.6%	0.0%
Others	1.9%	4.6%	1.3%

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 OD during the outgoing year. As per the assigned ratings policy, the fund complied with maximum exposure of 25% in AA rated investments on average basis.

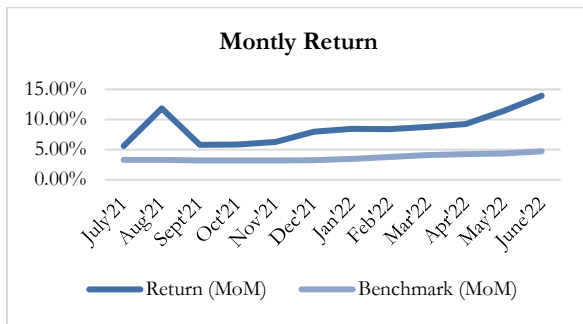
Market Risk:

Weighted Average Maturity (WAM) of the fund is capped at 180 days, maximum WAM during FY22 was reported at 25 (FY21: 18) which is below the limit as per policy.

Liquidity Profile:

AUM profile of the fund comprised of 90.2% (Jun'21: 90.9%) holdings by retail investors as of Jun'22, whereas share of associates has diminished to nil participation. Investor concentration remains fairly diversified with top 10 investors accounted for 10.0% (Jun'21: 15.3%) of total fund as of Jun'22.

Fund Performance:



Fund Performance:

Performance	FY21	FY22	Oct'22 YTD
Total Return	5.81%	9.00%	13.46%
Quartile	Q4	Q4	Q4
Peer Ranking	13/14	14/14	17/21
Benchmark Return	3.41%	3.68%	5.61%
Peer Average	6.02%	9.69%	14.00%

Benchmark of the fund is determined by a mix of Three (3) months average deposit rates of Three (3) AA rated Islamic Banks. Over the past two years, the fund has consistently outperformed its benchmark return. However, the fund underperformed compared to peer average and remained in the fourth quartile as of Jun'22.

<u>BALANCE SHEET</u>	FY21	FY22
Paid Up Capital	NA	NA
Total Equity	13,557.0	13,484.5
<u>INCOME STATEMENT</u>		
Total Income	1,038.4	1,249.3
Profit Before Tax	838.9	1,170.4
Profit After Tax	838.9	1,170.4
<u>RATIO ANALYSIS</u>		
Current Ratio (x)	NA	NA
Gearing (x)	NA	NA

ISSUE/ISSUER RATING SCALE & DEFINITIONS

Appendix I

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: FUND STABILITY RATING SCALE

AAA(f)

Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions

AA+(f), AA(f), AA-(f)

High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economics conditions

A+(f), A(f), A-(f)

Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy

BBB+(f), BBB(f), BBB-(f)

Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy

BB+(f), BB(f), BB-(f)

Low degree of stability in NAV. Risk factors are sensitive to changes in the economy

B(f)

Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy

The FSR 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.

FSRs may be placed under 'Rating-Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate re-evaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating-Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating-Watch' may result in a rating change, while the rating continues to be placed under 'Rating-Watch'.

REGULATORY DISCLOSURES		Appendix I		
Name of Rated Fund	Meezan Cash Fund			
Sector	Mutual Funds			
Type of Relationship	Solicited			
Purpose of Rating	Fund Stability Rating (FSR)			
Rating History	Rating Date	Medium to Long Term	Outlook	Rating Action
	01/03/2023	AA+(f)		Upgrade
	12/31/2021	AA(f)		Reaffirmed
	01/12/2021	AA(f)		Reaffirmed
	12/30/2019	AA(f)		Reaffirmed
	12/28/2018	AA(f)		Reaffirmed
	12/29/2017	AA(f)		Reaffirmed
	12/30/2016	AA(f)		Reaffirmed
	1/12/2016	AA(f)		Reaffirmed
	10/28/2014	AA(f)		Reaffirmed
	8/15/2013	AA(f)		Reaffirmed
	1/1/2013	AA(f)		Reaffirmed
	12/27/2011	AA(f)		Reaffirmed
	12/9/2010	AA(f)		Reaffirmed
Instrument Structure	N/A			
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			