

Meezan Cash Fund (MCF)

Managed By: Al-Meezan Investment Management Limited

Fund Stability Rating

Latest Rating

**AA+(f)
6-Jan-25**

What is Fund Stability Rating

Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors an impartial gauge of the primary areas of risk that income funds may face, including credit risk, liquidity risk, and interest rate risk.

Fund Information

Launch Date	June 15, 2009
Fund Type	Open-End
Category	Money Market
Risk Profile	Low
Auditor	EY Ford Rhodes, Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Nil
Back-end Load	0.1% if redemption within 3 days
Benchmark	3 Months average deposit rates of 3 AA rated Islamic Banks
MQR Rating	AM1 (VIS)
Mgt. Fee	Upto 0.6% p.a. (min 0.1%)

Fund Overview

Meezan Cash Fund (the Fund) is an open-end money market fund constituted under a Trust Deed entered into on June 15, 2009, between Al-Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

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.

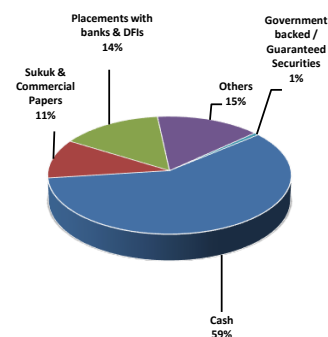
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Secured, unsecured, listed, unlisted and privately placed shariah compliant debt and money market securities including sukus 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 Islamic Banking windows of conventional Banks	AA	20%-100%
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%
Subject to SECP or other regulatory approvals the Scheme may seek to invest in Shariah Compliant securities issued by Federal Government, Provincial Government, Local Government, Government Agencies, Autonomous Bodies, public sector entities and private sector entities, listed or otherwise and traded outside Pakistan on such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan from time to time	AA	0%-30% (subject to a cap of USD 15mn)
Any Shariah compliant investment approved by the Shariah Advisor, which may not be restricted by the Commission or are authorized by the Commission through Rules, Regulations or any other directive issued from time to time	AA	0%-30%

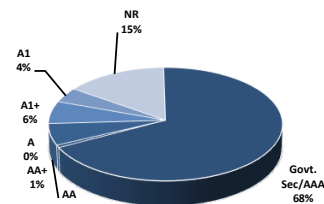
Net Assets

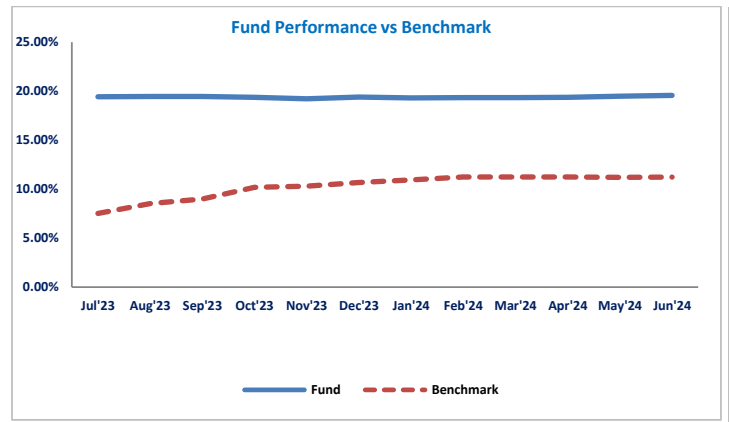
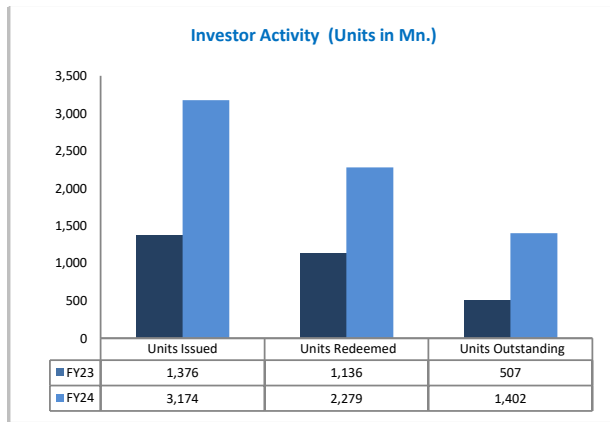
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	13,485	25,882	71,273

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg.
Govt. Sec/AAA	60.49%	80.67%	42.93%	Cash	73.21%	70.92%
AA+	9.69%	12.57%	0.69%	Sukuk & Commercial Papers	12.72%	8.24%
AA	23.06%	43.54%	5.53%	Placements with banks & DFIs	12.13%	17.42%
AA-	0.00%	0.00%	0.00%	Others	1.95%	3.17%
A+	0.00%	0.00%	0.00%			
A	0.00%	0.00%	0.00%			
A-	0.00%	0.00%	0.00%			
A1+	1.32%	6.43%	0.00%			
A1	1.98%	5.84%	0.00%			
BBB+	0.00%	0.00%	0.00%			
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR	3.45%	14.92%	0.00%			

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in year(s)	0.04	0.05	0.02	0.25	Total Return	16.11%	21.22%
Duration (In Days)	14	19	8	90	Benchmark Return	6.23%	10.28%
					Peer Average	16.78%	21.42%
					Peer Ranking	16/17	21/24

Fund Stability Analysis

Meezan Cash Fund has been assigned Fund Stability Rating of AA(f), downgrading from AA+ (f). The rating indicates a high degree of stability in the Net Asset Value (NAV) of the fund, with a modest level of risk that may vary slightly due to changing economic conditions.

Asset Allocation:

The Assets Under Management (AUMs) of the fund increased significantly, reaching Rs. 71.9b (June'23: Rs.25.9b) as at June'24. The Fund's Asset Allocation strategy is in line with guidelines as outlined in the offering document. On average, the majority of the Fund's assets during FY24 were allocated to cash (70.9%), followed by placements with banks and DFIs (17.4%), Sukuk and Commercial Papers (8.24%), and other investments (3.2%).

Credit Quality:

In FY24, the Fund adhered to its investment policy by maintaining exposures in AA and higher-rated issues/issuers. During this period, the average allocation to AAA-rated securities decreased slightly to ~60%, compared to ~64% in FY23, while the share of AA+ rated securities rose to ~10% (FY23: ~5%). Additionally, AA rated securities made up an average of ~23% of the Fund's portfolio. A continued increase in the proportion of AA exposures may place pressure on the assigned rating moving forward. The Not Rated exposures primarily reflect receivables against conversion of units. Management confirms maintaining the AA threshold for all cash placements.

Market and Liquidity Risk:

The Fund's duration remained within the specified limit outlined in the offering document, capped at 90 days. The maximum WAM of the fund recorded during the period was 19 days in Jan'24.

Retail investors held the majority of the Fund's Assets Under Management (AUM) as at Jun'24, accounting for ~79% of the portfolio. Additionally, the top 10 investors represented ~23% of the total AUM, indicating low concentration risk

Fund Performance:

During FY24, the Fund yielded an annualized return of 21.22%, which was much higher than the benchmark return however, falling short of peer average at 21.42%. Against peers, the fund was in the fourth quartile ranked 21 out of 24.

Financial Snapshot

BALANCE SHEET	FY23	FY24
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY23	FY24
Total Income	3,443.3	8,403.2
Profit Before Tax	3,209.7	7,918.8
Profit After Tax	3,209.7	7,918.8
RATIO ANALYSIS	FY23	FY24
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	Meezan Cash Fund	Sector	Mutual Funds
Type of Relationship	Solicited	Purpose of Rating	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	6-Jan-25	AA+(f)	Reaffirmed
Fund Stability	29-Dec-23	AA+(f)	Reaffirmed
Fund Stability	3-Jan-23	AA+(f)	Upgrade
Fund Stability	31-Dec-21	AA(f)	Reaffirmed
Fund Stability	12-Jan-21	AA(f)	Reaffirmed
Fund Stability	30-Dec-19	AA(f)	Reaffirmed
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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