

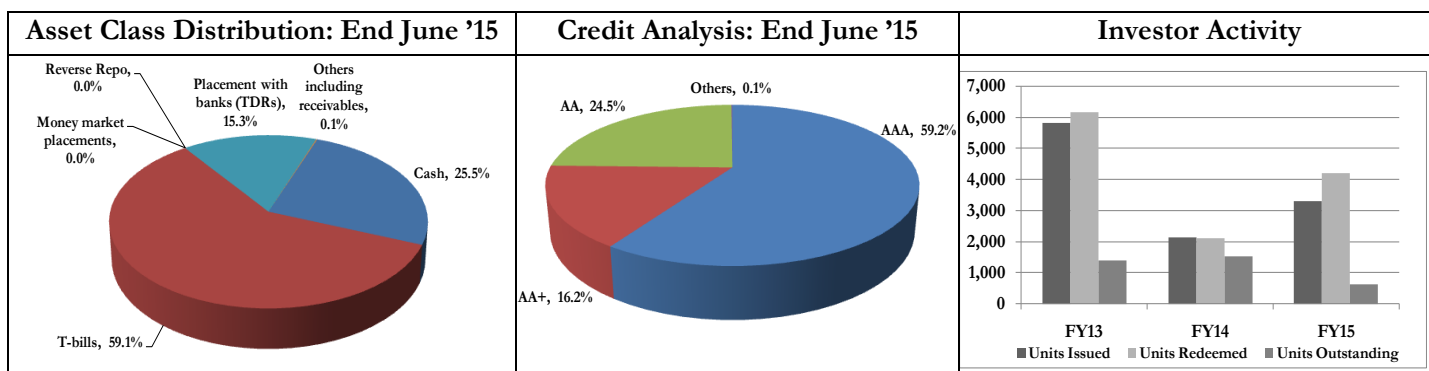
January 4, 2016

Analyst: Jazib Ahmed - CFA

Investment Objective

To provide investors, with consistent returns with high level of liquidity, through a blend of money market and sovereign debt instruments

ABL Cash Fund		
Rating Category	Latest	Previous
	AA(f)	AA(f)
Fund Stability Rating	31 Dec 2015	13 Aug 2014
Management Company	ABL Asset Management Company Limited (ABL AMC)	
Chief Executive	Mr. Farid Ahmed Khan, CFA	
Fund Manager	Mr. Faizan Saleem	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	10% of Annualized Gross Return (subject to Upper Cap of 1.25% & Lower Cap of 1%)	
Benchmark	50%- Average of 3 Month Bank Deposit Rate (AA rated & above) & 50% - 3M PKRV	



Established in July 2010, ABL Cash Fund operates as open end money market fund. The fund is managed by ABL AMC which has a management quality rating of ‘AM2 denoting high management quality.

The investment committee (IC) , responsible for managing the fund in accordance with the regulations, is composed of five members which includes the CEO, Chief Investment Officer, Head of Research, Senior Fund Manager and Fund Manager. In line with best practices, Head of Risk Management should be a voting member in the IC.

Net assets of the fund amounted to Rs. 6.4b at end FY15 (FY14: 15.4b). The fund size exhibited variation over the course of the year, with the maximum fund size clocking in at Rs. 12.5b at end-April 2015. As per management, decrease in fund size was due to substantial redemptions by

corporations. In addition to this, due to decrease in discount rates, clients switched in ABL Income and ABL Government Securities Fund due to higher duration of the said funds compared to ABL Cash Fund.

In order to cater to its mandate, the fund maintains low exposure to risk. Consequently, pre-defined limits have been defined in order to limit deployment in different asset classes.

Table 1: ABL Cash Fund Operational Limits

Asset Class	Minimum rating	Exposure Range
		FY15
Treasury Bills	-	25-100%
Term deposits	AA	0-75%
Money market placements		0-50%

Information herein was obtained from sources believed to be accurate and reliable; however, JCR-VIS Credit Rating Company Limited (JCR-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. JCR-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 in this report. JCR-VIS is not an NRSRO and its ratings are not NRSRO credit ratings. JCR-VIS is paid a fee for most rating assignments. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. Copyright 2016 JCR-VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to JCR-VIS.

JCR-VIS Credit Rating Company Limited

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

Reverse repo		0-50%
Commercial papers		0-10%
Cash in bank accounts		0-50%
COIs, COMs, & CODs issued by NBFCs	AAA	0-10%

On average basis, 59.7% of assets were allocated to t-bills. The maximum deployment of assets in t-bills amounted to 94.2% at the end-April 2015. However, proportion of t-bills was reduced considerably at the conclusion of FY15 and funds were deployed in cash holdings amounting to 25.5%, in order to meet redemptions as well as earn a higher interest from commercial banks due to the end of the financial year.

Table 2: Asset allocation summary

	End-June FY15	End-June FY14	Avg. FY15	Limit
Cash	25.5%	29.0%	8.3%	0-50%
Placement with banks (TDRs)	15.3%	37.7%	24.9%	0-75%
T-Bills	59.1%	22.1%	59.7%	25-100%
Money market placements	0.0%	6.4%	6.7%	0-50%
Reverse Repo	0.0%	4.4%	0.0%	0-50%
Others including receivables	0.1%	0.4%	0.4%	
WAM	58.7	39.6	66.2	0-90 days

During the year, the regulatory limit in one bank of 10% was breached as the fund invested in a TDR with Bank Alfalah with an allocation of 11.12%. This was due to redemptions which decreased the fund size, thereby increasing the allocation in the TDR.

The weighted average maturity (WAM) of the fund is capped at 90 days for the purpose of countering any adverse movement in the benchmark rate. Moreover, the fund is prohibited from investing in any asset possessing maturity of higher than 6 months. During FY15, the fund's WAM was in compliance with the imposed ceiling. The maximum WAM was reported to be 85.6 days at end Nov-14, while the WAM at end June-15 stood at 58.6 days.

The allocation of credit quality has been found to be inline with the operational IPS with 'AA' averaging 21.5% of total assets during FY15. There has been no allocation to funds below 'AA'.

Table 3: Credit quality summary FY15

	Average	Maximum	Minimum
AAA	68.3%	94.7%	27.6%
AA+	9.7%	23.8%	0.4%
AA	21.5%	50.4%	0.0%

Table 4: Market risk summary FY15

	Average	Maximum	Minimum
WAM	66	86	33

Performance of the fund is benchmarked against an equally weighted average of 3 month bank deposit rate (AA rated or above) and 3 month PKRV rate. The fund consistently outperformed the benchmark throughout the course of year.

Return generated by the fund compared favorably to peers. Adjusting for management fees and FED expenses, fund performance ranked 2nd in a peer group of 22 funds.

Table 5: Performance summary

Performance	FY15	FY14
Total Return	10.7%	9.5%
Benchmark Return	7.4%	8.1%
Peer Group Average	9.7%	9.2%

Total number of investors decreased to 1,105 in FY15 (FY14: 1,284). Unit holding pattern demonstrated marginal improvement, as top ten investors held 67% (FY14: 69%) of the total units at end-FY15. However, in absolute terms, the concentration is still high. During the same period, contribution from retail clients increased to 16.9% (FY14: 8.6%), while related parties contribution share decreased to 11.8% at end-FY15 (FY14: 38.4%). Contribution from unrelated companies increased to 71.3% (FY14: 53.0%) at end FY15 ^[JCR-VIS]

Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability Management Quality</u>				
31-Dec-15	AA(f)			Action
13-Aug-14	AA(f)			Reaffirmed
17-Jan-13	AA(f)			Downgrade
06-Apr-12	AA+(f)			Harmonized
31-Dec-11	AA+(f)			Reaffirmed