January 2, 2014

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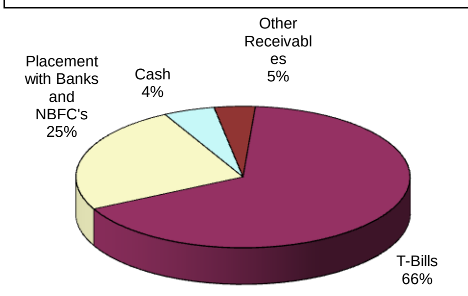
Investment Objective

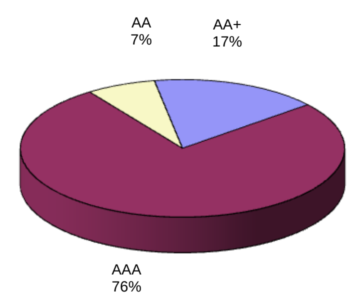
The objective of the fund is to provide competitive returns to investors, through active investment strategies in low risk portfolio of short duration, while maintaining high liquidity. The fund will aim to preserve capital while maximizing returns through efficient utilization of investment and liquidity management tools.

PICIC Cash Fund (PICIC- CF)		
Rating Category	**Latest**	**Previous**
Fund Stability Rating	**AA(f)**	**AA+(f)**
	Dec 30, '13	*May 17, '12*
Management Company	PICIC Asset Management Company Limited	
Chief Executive	Mr. Mir Adil Rashid	
Fund Manager	Mr. Tauqir Shamshad	
External Auditors – Fund	A.F.Ferguson & Co.	
Trustee	Central Depository Company	
Front-end Load	1% of NAV	
Back-end Load	-	
Management Fee	1% per annum	
Benchmark	Average of 3-Month AA rated bank deposit	

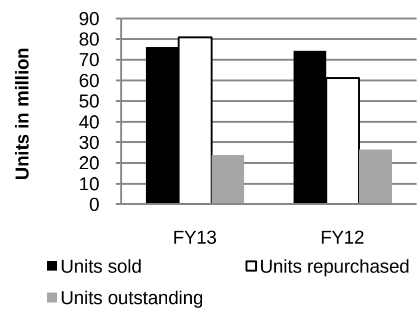
Asset Class Distribution: June'13



Credit Analysis: June'13



Investor Activity



In line with its categorization, PICIC Cash Fund (PCF) has a low risk appetite. PCF was launched in December 2010 as an open-end cash fund. PCF is a money market fund which is designed to invest in government securities, T-bills, cash and near cash instruments which include cash in bank, money market placements, TDRs and or deposits, commercial papers, reverse repos.

The fund has a clearly defined and consistently executed investment philosophy and a well structured investment process. Regular meetings of the Investment Committee (IC) are convened while Terms of Reference of the IC have been documented and decisions taken are based on consensus.

Exposure limits for each asset class, as laid down in the investment policy, are presented in the following table:

Table 1: Operational Investment Policy

Investments**	**Minimum Entity Rating**	**Exposure Limit**
Cash at Bank (excluding TDRs) and short maturity of Tbills not exceeding 90 days maturity.	AA	15%-100%
Treasury Bills, PIBs & Govt. Securities	N/A	40% - 100%
Placements with Commercial Banks and DFIs* including Certificates of Deposit and TDR	AA	0% - 75%
Commercial paper**	AA	0%-10%
Money Market placements, under LOP etc. with Commercial Banks and DFIs*	AA	0% - 50%
Placement of Funds with NBFCs and Modaraba	AAA	0% - 20%
Reverse Repo transactions against Government Securities with Commercial Banks and DFIs.	AA	0% - 50%
Reverse Repo transactions against Government Securities with NBFCs and Modaraba.	AAA	0% - 50%

**Investment with DFIs shall not exceed 30% of net assets of the fund; furthermore at least 60% of the net assets shall be invested in "AA+" or above rated instruments.*

*** Maximum limit for investment in any commercial paper is 5% of the issue size or net assets whichever is lower. However the said limits may be enhanced to 10% with the prior approval of the BOD / BIC.*

Risk Profile

Actual asset allocation in recent periods is presented in the table below:

Table 2: Asset allocation

PICIC CF	July'12	June'13	Oct'13
Cash	1%	4%	18%
T-bills	86%	67%	35%
Placements	8%	25%	28%
Other Receivables	5%	5%	19%

Net assets of the fund showcased variation; decreasing from Rs. 2.66b at end-FY12 to Rs. 2.4b at end-FY13 and subsequently increasing to Rs. 2.68b by end-Oct'13. During FY13, average allocation to t-bills was about 80%, though it dropped as low as 57% at the end of Dec'12. However, exposure in T-bills has remained well above the minimum threshold level stated in the Investment Policy Statement (IPS). Average allocation to commercial papers represented 5% of net assets during FY13. During The remaining assets were largely held as cash & bank balances and term deposits.

As per IPS, all exposures are subject to minimum counterparty rating of at least 'AA' while at-least 60% of net assets must be deployed in instruments rated 'AA+'. Resultantly, exposure to credit risk remains low. Credit risk has been maintained in line with the envisaged operational investment policy.

As per policy, time to time maturity of any asset shall not exceed six months and weighted average duration is capped at 90 days, preferably at 60 days, depending on the macroeconomic conditions. During the last year, the management took advantage of the policy flexibility, with maximum duration recorded at 89 days at end-Sep'12 and end-Nov'12. During this time, exposure was built in T-bills as part of a deliberate strategy to take advantage of anticipated movement in interest rates. With reduced exposure in t-bills, duration has declined subsequently and was 23 days at end-Oct'13.

Fund return outperformed the bench mark (Avg. of 3M AA rated bank deposits) in FY13. This trend is expected to continue unless T-bill rates become more aligned with deposit rates. Performance analysis is as follows:

Table 3: Fund Performance

Performance	FY12	FY13
Return	11.44%	9.08%
Peer Group Average	11.12%	9.16%
Benchmark	9.67%	7.59%

Total number of investors in the fund increased to 195 (end-June'12: 132) by end-June'2013. Share of retail investors remains limited at 6.3% (FY12: 2.1%) of net assets. Investment by associates in the fund was 30.6% at end-FY13.

Unit holding pattern features concentration as top ten investors held 77% of the outstanding units at end-FY13. Ability of the fund to meet redemption in a timely manner is considered sound as majority of net assets are deployed in avenues having strong liquidity profile JCR-VIS

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
		RATING TYPE: Fund Stability		
30-Dec-13	AA(f)			Downgrade
17-May-12	AA+(f)			Harmonised
07-Dec-10	AA+(f)			Preliminary