

# JCR-VIS Credit Rating Company Limited

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

December 31, 2015

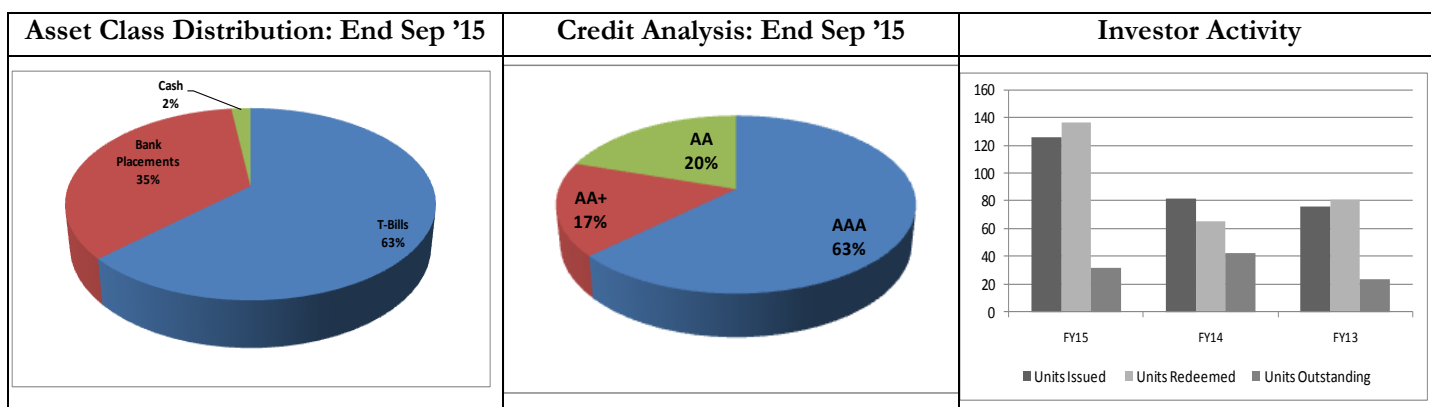
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## Investment Objective

To provide competitive returns to investors through active investment in low risk portfolio of short duration while maintaining high liquidity.

PCF is a money market fund which is designed to invest in government securities, T-bills and cash and near cash instruments. In line with its categorization, risk exposure of the fund is considered low.

PICIC Cash Fund		
Rating Category	Latest	Previous
	<b>AA(f)</b>	<b>AA(f)</b>
Fund Stability Rating	Dec 28, '15	Dec 22, '14
Management Company	PICIC Asset Management Company Limited (PICIC AMC)	
Chief Executive	Suleman Chhagla	
Fund Manager	Mr. Tauqir Shamshad	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	Class D: 1% of NAV	
Back-end Load	Nil	
Management Fee	0.5% per annum of NAV	
Benchmark	Average of 3 Month Bank Deposit Rate (AA rated & above)	



The investment committee (IC) comprises three members including the CEO, Head of Fixed Income and Manager Risk.

Net assets of the fund were reported at Rs. 3.3b at end 1QFY16 (FY15: 3.2b; FY14: Rs. 4.3b). The fund size exhibited variation over the course of the year, with the maximum fund size clocking in at Rs. 5.8b at end-Jan,15.

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: PICIC Cash Fund Operational Limits**

Asset Class	Minimum rating	Exposure Range
Treasury Bills	-	40-100%
Term deposits	AA	0-75%
Money market placements		0-50%
Reverse repo	AA/AAA	0-50%
Commercial papers		0-10%
Cash in bank accounts		15-100%
Placement of Funds with NBFCs and Modaraba	AAA/AAA	0-20%

Average asset allocation of PCF remained largely unchanged during FY15 as compared to the previous year.

During the period under review, non compliance to IPS was noted with exposure to T-bills reported at 38.1% against the IPS limit of 40% (minimum) of net assets.

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Moreover, cash and near cash were reported at 14.7% of net assets against the IPS limit of 15% (minimum). As per management, these non compliances were rectified subsequently.

**Table 2: Average Asset Allocation - PCF**

	End-IQ16 (%)	FY15 (%)	FY14 (%)
<b>T-Bills</b>	63%	63.7%	67.1%
<b>Placements (TDRs)</b>	35%	29.9%	28.4%
<b>Cash &amp; Bank Balances</b>	2%	5.9%	2.9%
<b>Others assets</b>	-	0.5%	1.6%

The weighted average maturity (WAM) of the fund is capped at 90 days. In line with the IPS, average days to maturity of the fund was maintained at 64 days during 1HFY15 which were increased to 83 days during the 2HFY15.

**Table 3: Market risk summary FY15**

	Average	Maximum	Minimum
<b>WAM</b>	72.8	86	41

The allocation of credit quality remained inline with the operational IPS with majority allocation in “AAA” rated securities with no investment below ‘AA’.

**Table 4: Credit quality summary FY15**

	Average	Maximum	Minimum
<b>AAA</b>	65.4	86	51
<b>AA+</b>	20.4	38	7
<b>AA</b>	13.6	29	6

Performance of the fund is benchmarked against 3 Months deposit rates of “AA” and above rated scheduled banks. In terms of relative performance, the fund posted highest return during FY15. During 1QFY16, fund performance continued to depict healthy performance with return outperforming benchmark and peer group average return.

### Performance summary

	FY14	FY15	Sept'15
<b>Net Assets (Rs. M)</b>	4,288	3,249	3,263

<b>Return</b>	8.4%	10.5%	6.4%
<b>Peer Group Average</b>	9.3%	9.3%	6.0%
<b>Benchmark</b>	7.2%	6.8%	4.9%
<b>Relative Ranking</b>	2 of 21	1 of 22	5 of 22

Total number of investors increased to 245 at end-FY15 (FY14: 207). Unit holding pattern depict concentration with holding by top ten investors increasing to 73.9% (FY14: 70.4%) of net assets. Investment from retail investors increased to 17.7% (FY14: 3.9%) while related parties investment also increased to 46% at end-FY15 (FY14: 17.1%). Going forward, ability of the fund to meet redemption in a timely manner is considered sound as majority assets are deployed in avenues with strong liquidity profile [JCR-VIS](#)

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability Management Quality</u></b>				
28-Dec-15	AA(f)	-	-	Reaffirmed
22-Dec-14	AA(f)	-	-	Reaffirmed
30-Dec-13	AA(f)	-	-	Downgrade
17-May-12	AA+(f)	-	-	Harmonised
07-Dec-10	AA+(f)	-	-	Preliminary