

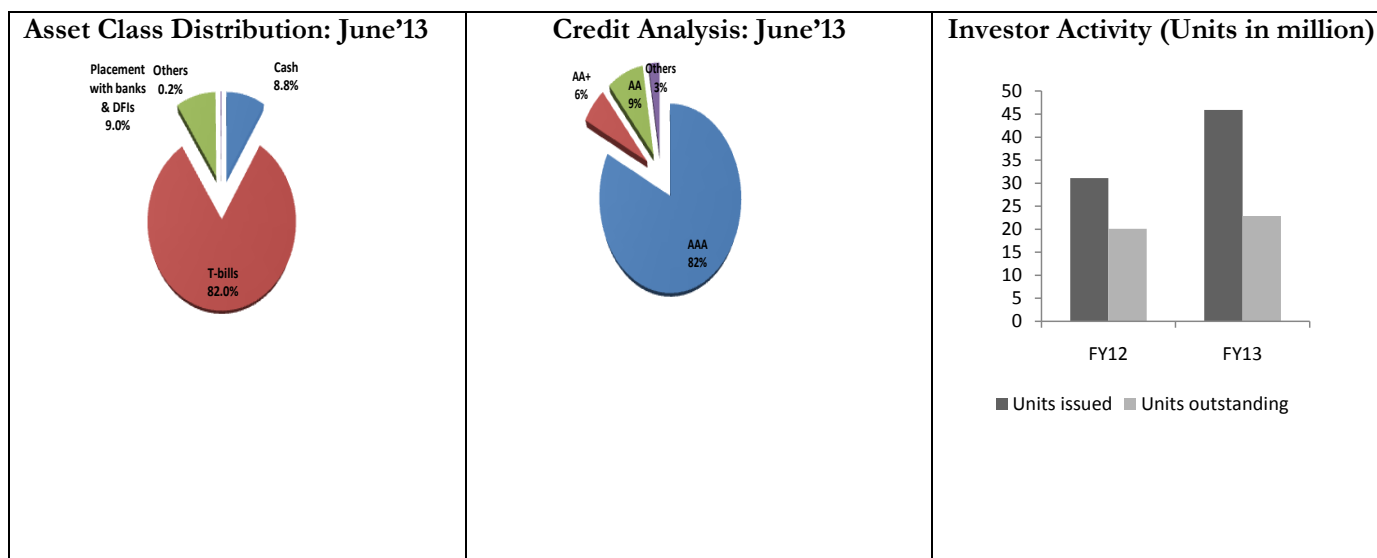
Date: December 2, 2013

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**Investment Objective**

To provide unit holders with competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity.

First Habib Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA (f)	AA(f)
	Nov 20, '13	April 2, '12
AMC	Habib Asset Management Limited	
Chief Executive	Mr. Imran Azim	
External Auditors	Ernst & Young Ford Rhodes Sidat Hyder	
Fund Manager	Mr. Junaid Kasbati	
Trustee	Central Depository Company	
Sales Load	Nil	
Management Fee	1% per annum	
Benchmark	Average 3 months PKRV rates	



First Habib Cash Fund (FHCF) was launched as an open end money market fund in March 2011. The investment policy of the fund has been designed to provide unit holders with competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity.

The operational investment policy of the fund is more conservative vis-à-vis the investment criteria applicable on money market funds. As per the operational investment policy, the fund is required to maintain minimum exposure of 60% in government securities, while remaining net assets can be deployed in other avenues, including deposits with scheduled banks/DFIs, current and savings account, reverse repo against government securities, CoD, CoI, CoM or commercial paper.

**Risk Profile**

Actual asset allocation is presented in the table below:

Asset Allocation	June' 12	June' 13	Sept' 13
Cash	0.8%	9%	2%
T-Bills	81%	82%	86%
Placements with Banks & DFIs	18%	9%	12%
Others	0.2%	0.2%	0.5%

Net assets of the fund showcased variation in FY13. Subsequent to year-end, net assets have witnessed a significant increase and stood at Rs. 4.03b (FY13: Rs. 2.3b; Dec'12: Rs. 3.2b; FY12: Rs. 2b). During FY13, average

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asset allocation to T-bills was about 84% though it dropped to 68% at end-Dec'12 and end-Mar'13 on account of higher investment in TDRs. Remaining assets largely remained deployed in TDRs and cash and bank balances. Actual asset mix of the fund has remained aligned with the operational investment policy, as evident from the month-end asset allocation data of the fund for the past twelve months.

With minimum exposure of 60% in government securities and remaining assets subject to minimum credit rating of 'AA', credit risk profile of the fund is expected to remain strong.

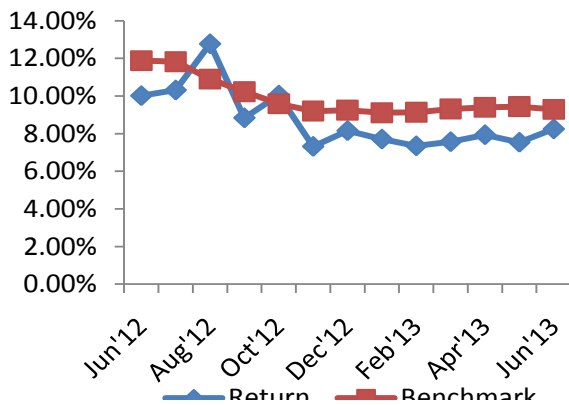
Given that remaining maturity of any instrument cannot exceed six months and weighted average maturity (WAM) of the fund has to remain below 90 days, susceptibility of the fund to interest rate risk is deemed low. Weighted average maturity of the fund was 22 days (FY12: 43 days) at end-FY13. During FY13, maximum WAM at any month-end was reported as 89 days at the end of Nov'12. Exposure in T-bills had been built during this period through participation in fresh auction. Subsequently, weighted average maturity has declined and has remained within policy guidelines.

Unit holding pattern features concentration as top ten investors held 71% (FY12: 79%) of the outstanding units at end FY13. Units held by individuals represented 15% (FY12: 13%) of total units.

**Table 3: Performance of the fund**

Performance	FY12	FY13
Return	11.19%	9.03%
Benchmark	11.88%	9.29%
Peer Group Average	11.21%	9.10%

The overall return differential between various funds in the money market fund peer group is low. While the relative ranking of the fund is in the third quartile, its return differential from the best performing fund in the peer group is just 0.56% JCR-VIS



As depicted in the graph, return of the fund was below the benchmark rate which is the average of 3-m PKRV rate.

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Fund Stability</u></b>				
20-Nov-13	AA(f)			Reaffirmed
02-Apr-12	AA(f)			Harmonised
03-May-11	AA+(f)			Initial