

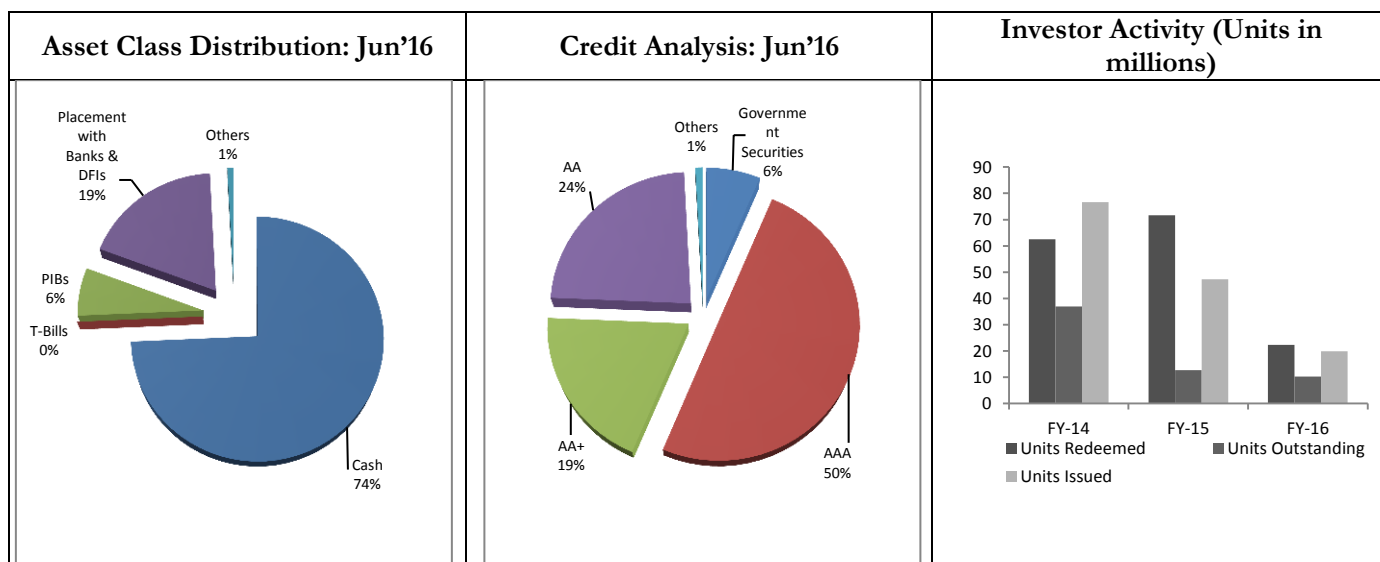
Date: January 4, 2017

Analysts: Jazib Ahmed, CFA  
 Mohammad Ibad Desmukh

**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	<b>AA(f)</b> <i>Jan 02, '17</i>	<b>AA(f)</b> <i>Sept 10, '15</i>
AMC	Habib Asset Management Limited	
Chief Executive	Mr. Imran Azim	
External Auditors	Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants	
Fund Manager	Mr. Ahmed Abbas	
Trustee	Central Depository Company of Pakistan Limited	
Sales Load	Nil	
Management Fee	10% of net income of the Fund (min 0.50% p.a. & max 0.85% p.a)	
Benchmark	70% three (3) months PKRV rates + 30% three(3) months average deposit rate of three (3) -AA rated scheduled banks	



Launched in March 2011, First Habib Cash Fund (FHCF) is an open-end money market fund. 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.

Table 1: Actual Asset Allocation

Investment policy	Ratings	Min-Max Exposure
Deposits with scheduled banks/ DFIs	AA	0%-70%
Government Securities	AAA	0%-100%

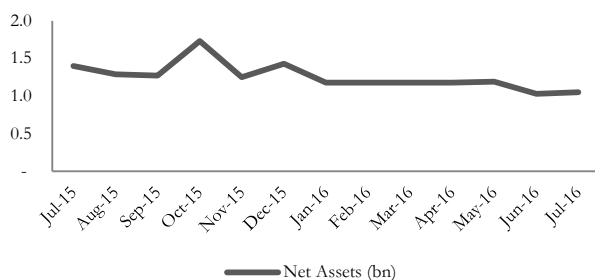
Reverse Repo against government securities	AA and above	0%-50%
Current & Savings Account	AA	0%-100%
Certificate of deposit, Certificate of Investment, Certificate of Musharaka	AA, AAA (in case of NBFC or Modaraba)	0%-20%
Commercial paper	AA	0%-10%
Foreign Investments (in authorized money market instruments and other money market mutual funds)	AA rated by a reputed International Rating Agency	Upto 30% with a maximum limit capped at US \$15m

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As per the operational investment policy, there is no minimum exposure required to be maintained in government securities. Remaining net assets can be deployed in other avenues, including deposits with scheduled banks/DFIs, reverse repo against government securities, CoD, CoI, CoM or commercial paper. In terms of credit quality, the fund should invest in entities/instruments having a minimum rating of ‘AA’. The fund may also take exposure in NBFCs and Modarabas with an outstanding rating of ‘AAA’.

In line with preceding year’s trend, net assets continued to decline during FY16. Fund size amounted to Rs. 1.03b at end-June 2016.

**Figure 1: Net Assets (In Rs. Billions)**



Asset allocation showcased variation during FY16. At the beginning of the financial year, assets were largely deployed in T-Bills. From February 2016 onwards, shifting of assets from T-Bills to cash & cash equivalents and placements with banks & DFIs was evident resulting in a decline in T-bill exposure. Remaining assets were largely held as placements with banks/DFIs and cash.

**Table 2: Actual Asset Allocation**

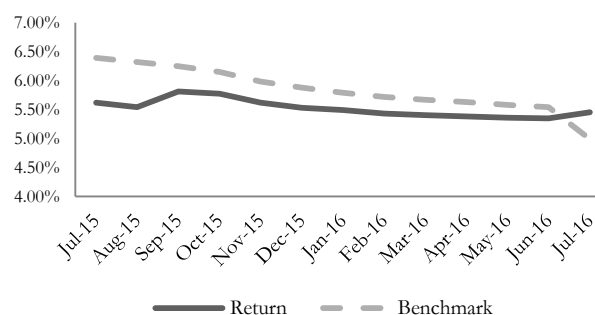
	FY16 (Avg.)	Jul'16	Jul'15
Cash	24.8%	12.9%	11.9%
T-bills	58.8%	58.8%	88.0%
PIBs	3.7%	0.0%	-
Placement with banks & DFIs	10.0%	27.6%	-
Term Deposit Receipts (TDRs)	2.4%	-	-
Others	0.3%	0.7%	0.1%

To minimize losses in case of any adverse movement in discount rate, weighted average maturity (WAM) of the fund is capped at 90 days; while maturity of a single asset cannot exceed six months. Target duration of the fund is capped at 60 days. At end-FY16, the WAM and

duration of the fund’s assets was 1 day. During FY16, maximum WAM at any month-end was reported as 77 days at end-October 2016.

Performance of the fund is benchmarked against an equally weighted mean of average of 3 months bank deposit rate of any three ‘AA’ and above rated banks and 3 month PKRV. The fund’s performance followed a downward trajectory during FY16; performance remained below the benchmark on a monthly basis with the exception of July 2016.

**Figure 2: Fund Performance**



**Table 3: Fund Performance**

Performance	FY16	FY15
Total Return	5.4%	8.3%
Peer Group Return Ranking	16 out of 22	18 out of 22
Benchmark Return	5.5%	7.8%
Maximum Return in Peer Group	6.3%	10.5%
Peer Group Average	5.6%	8.7%

Performance of the fund in relation to other funds in the peer group remained largely similar to preceding fiscal year. Gross return of FHCF was moderately below the peer group average.

Total number of investors decreased to 166 (FY15: 180) by end-FY16. Unit holding pattern features concentration as top ten investors held 85.3% (FY15: 88%) of outstanding units, at end-FY16. Units held by individuals represented 19.2% (FY15: 11.5%) of total units. Related party holding marginally declined to 13.5% (FY15: 18.8%) for the year ending June 30, 2016. Ability of the fund to meet redemptions in a timely manner is considered sound as majority of the net assets are deployed in liquid avenues [\[JCR-VIS\]](#)

**Rating History**

<b>Rating Type</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Rating Action</b>
Fund Stability	01/02/2017	AA(f)	Reaffirmed
Fund Stability	09/10/2015	AA(f)	Reaffirmed
Fund Stability	12/26/2014	AA(f)	Reaffirmed
Fund Stability	11/20/2013	AA(f)	Reaffirmed
Fund Stability	4/2/2012	AA(f)	Harmonized
Fund Stability	5/3/2011	AA+(f)	Initial