

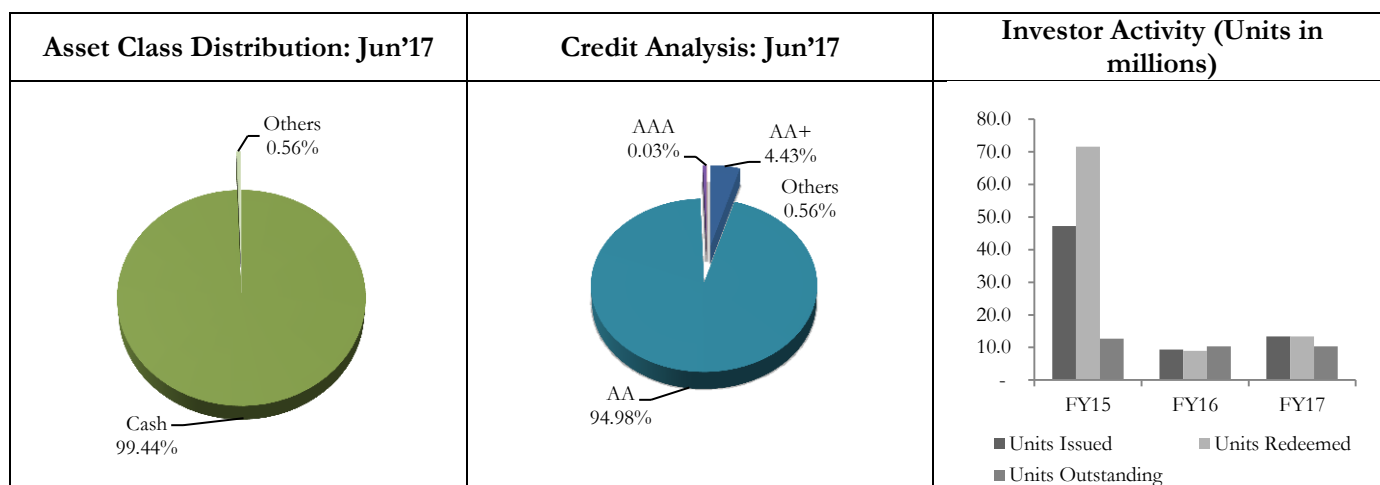
**Date: January 15, 2018**

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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	<b>AA(f)</b> <i>Jan 15, '18</i>	<b>AA(f)</b> <i>Jan 02, '17</i>
AMC	Habib Asset Management Limited	
Chief Executive	Mr. Imran Azim	
External Auditors	KPMG Taseer Hadi & Co 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	



First Habib Cash Fund (FHCF) was launched on March 10, 2011 as an open-end fund. As per its mandate, FHCF is primarily designed to deploy assets in short term instruments while ensuring that a certain level of liquidity is maintained. Investment decisions for the fund are made by the Investment Committee (IC) comprising personnel from top management and investment management department.

**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’.

Net assets remained largely stagnant at 1.04b (FY16: Rs. 1.03b) at end-June 2017. Subsequent to year-end, fund size depicted significant growth to Rs. 2.1b as at end-November 2017.

Cash has been the primary investment avenue of the fund during FY17, exposure to which was increased from 12.9% in July 2016 to 99.4% by end-June 2017. The fund also undertook exposure in T-Bills, placements with banks & DFIs and TDRs during several months. Actual asset allocation has remained conservative with average exposure in ‘AA’ and above rated investment avenues. However, violations of JCR-VIS’s criteria of maintaining 25% of net assets in AAA rated exposures were noted during the review period.

**Table 2: Actual Asset Allocation**

	FY17 (Avg.)	Jul’17	Jul’16
Cash	81.2%	99.5%	12.9%
T-bills	5.2%	-	58.8%
PIBs	0.0%	-	0.0%
Placement with banks & DFIs	10.4%	-	27.6%
Term Deposit Receipts (TDRs)	2.7%	-	-
Others	0.5%	0.5%	0.7%

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-FY17, the WAM and duration of the fund’s assets was 1 day. During the period under review, maximum WAM at any month-end was reported as 31 days at end-August 2017.

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. During FY17, the fund outperformed the benchmark with a return of 6.56% (FY16: 5.4%) vis-à-vis benchmark of 5.27% (FY16: 5.5%).

**Table 3: Fund Performance**

Performance	FY17	FY16
Total Return	6.56%	5.4%
Peer Group Return Ranking	12 out of 22	17 out of 22
Benchmark Return	5.27%	5.5%
Maximum Return in Peer Group	9.38%	6.3%
Peer Group Average	6.52%	5.6%

Performance of the fund in relation to other funds in the peer group improved compared to preceding fiscal year. Gross return of FHCF was slightly higher than the peer group average.

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

## JCR-VIS Credit Rating Company Limited

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

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### Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	01/15/2018	AA(f)	Reaffirmed
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