

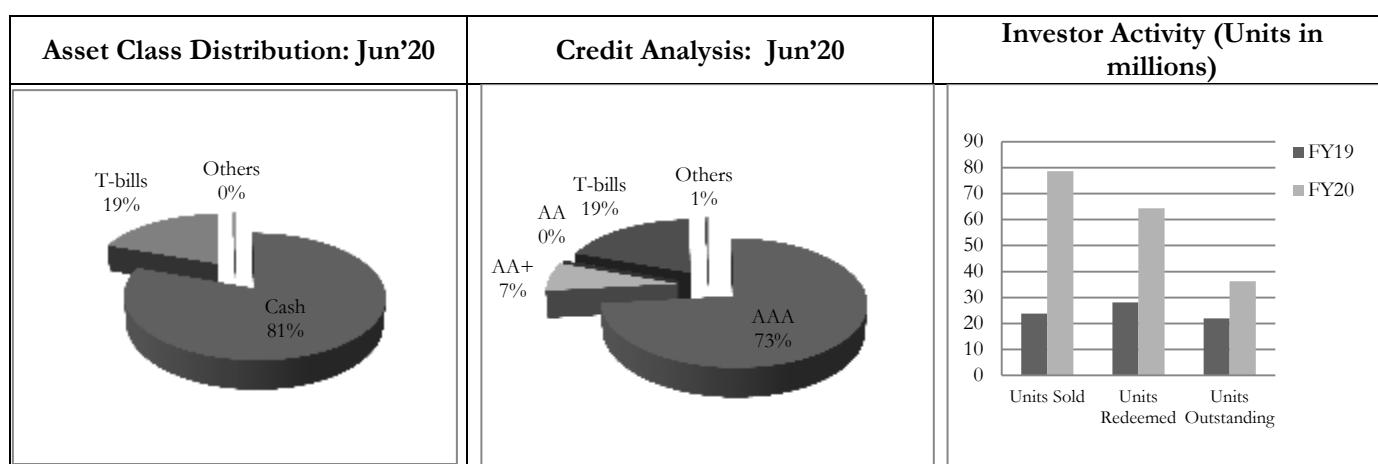
Date: December 31-2020

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Investment Objective

The investment objective of FHCF is to provide its unit-holders 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)
	<i>Dec 31, '20</i>	<i>Dec 31, '19</i>
AMC	AL Habib Asset Management Limited	
Chief Executive	Mr. Kashif Rafi	
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	Up to 10% of the gross earnings of the scheme	
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 designed to provide its investors with high liquidity and competitive returns by deploying assets in short-term debt instruments. During FY20 net assets of the fund witnessed a substantial growth closing at 3.6b (FY19 2.2b)

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

In line with its mandate the fund's exposure to various sources of risks has been maintained by offering document (OD) and by policy. In terms of credit quality, the fund is required to take exposure in minimum 'AA' rated debt instruments and securities.

Asset Allocation:

Table 2: Actual Asset Allocation

	FY20 (Avg.)	Jun'20	Jul'19
Cash	62%	80.53%	46.13%
T-bills	33%	19.08%	19.28%
PIBs	-	-	-
Placement with banks & DFIs	3%	-	28.81%
Commercial Paper	-	-	4.8%
Others	1%	0.39%	0.97%

During FY20, the fund's asset allocation plan remained primarily concentrated in cash holdings and T-bills. At end-June'20, the fund allocated 81% of its net assets in cash while the remaining was invested in T-bills. Month-on-month analysis depicts that 3% of the fund's asset composition comprised of placements in banks and DFIs. There was no breach witnessed in the fund's actual asset allocation plan for FY20.

Credit Quality:

Table 3: Actual Credit Quality

	Average	Maximum	Minimum
AAA	55%	99%	0%
AA+	45%	99%	0%
AA	1%	10%	0%
Others	1%	4%	0%

Credit quality requisites remained in line for the assigned ratings as the fund managed to preserve more than a quarter of its assets in AA+ rated instruments while approximately 55% of the fund's assets took exposure AAA rated securities.

Modified Duration:

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. At end-FY20, average WAM of the fund remained below 45 days while maximum and minimum WAM were reported at 75 days and 1 day at end-Apr'20 and end-Dec'19 respectively.

Fund Performance:

Benchmark performance of the fund is determined against 30% three month average deposit rate of 3 AA rated banks and 70% three month PKRV rates. During FY20 the fund generated a return of 12.94% (FY19 8.65%) outperforming its benchmark of 11.45% (FY19 8.87%). The fund also generated a higher return than its peer average.

Table 4: Fund Performance

Performance	FY20	FY19
Total Return	12.94%	8.65%
Peer Group Return	3 out of 19	7 out of 21
Ranking		
Benchmark Return	11.45%	8.87%
Peer Group Average	12.59%	5.17%

Relative to its peers, FHCF ranked 3rd out of a total of 19 funds placing itself in the 1st quartile (FY19 7/21). Owing to the fund's liquid asset allocation plan and low risk profile, the fund's ability to meet redemptions is considered sound.

Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/31/2020	AA+(f)	Upgraded
Fund Stability	12/30/2019	AA(f)	Reaffirmed
Fund Stability	12/24/2018	AA(f)	Reaffirmed
Fund Stability	01/15/2017	AA(f)	Reaffirmed
Fund Stability	01/02/2016	AA(f)	Reaffirmed
Fund Stability	09/10/2015	AA(f)	Reaffirmed
Fund Stability	12/26/2014	AA(f)	Reaffirmed

FINANCIAL SUMMARY	<i>(amounts in PKR millions)</i>	
<u>BALANCE SHEET</u>	FY19	FY20
Paid Up Capital	NA	NA
Total Equity	NA	NA
<u>INCOME STATEMENT</u>		
Total income	244	280
Profit Before Tax	211	255
Profit After Tax	211	255
<u>RATIO ANALYSIS</u>		
Net Cash Generated from Operating Activities	451	748
Current Ratio (x)	NA	NA
Gearing (x)	NA	NA