

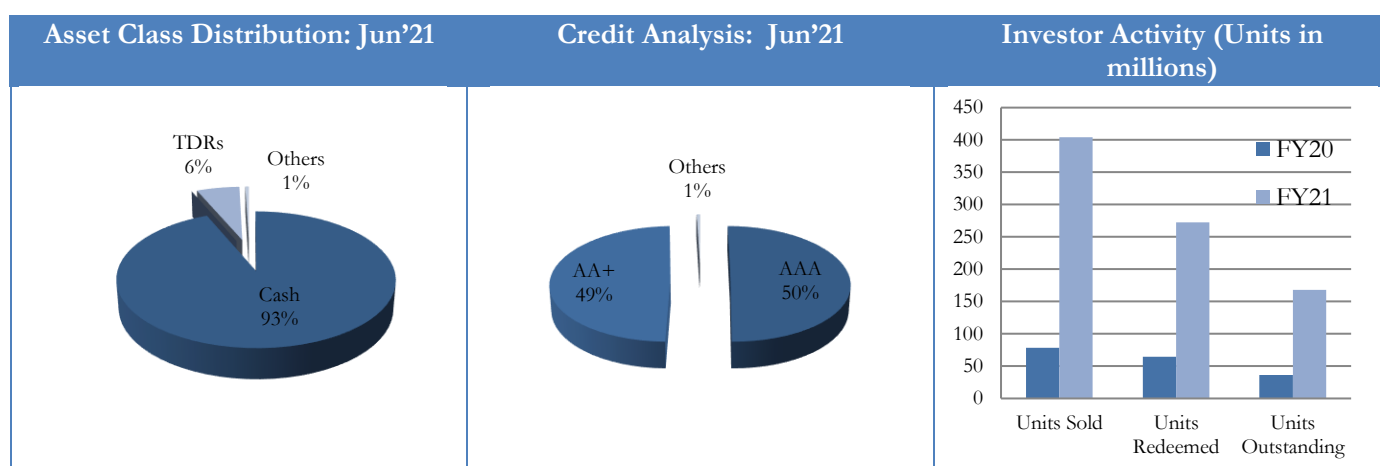
*Date: December 28, 2021*

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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)
	Dec 28, '21	Dec 31, '20
AMC	AL Habib Asset Management Limited	
Chief Executive	Mr. Kashif Rafi	
External Auditors	EY Ford Rhodes & Co Chartered Accountants	
Fund Manager	Mr. Zeeshan Masroor	
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 competitive returns while maintaining high liquidity by deploying assets in short-term debt instruments. Fund size registered strong growth increasing to Rs. 16.9b (FY20 3.6b) at end-FY21 on account of the fund's effective investment strategy.

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%-90%
Government Securities	AAA	0%-100%
Reverse Repo against government securities	AA and above	0%-90%
Current & Savings Account	AA	0%-100%
Certificate of Deposit, Certificate of Investment, Certificate of Musharaka	AA, AAA (in case of NBFC or Modaraba)	0%-25%
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

The fund’s exposure in various sources of investment avenues have been stipulated in the Offering Document (OD) and Investment Policy Statement. In terms of credit quality, the fund cannot take exposure below ‘AA’ rated debt issue/issuer.

**Asset Allocation:**

**Table 2: Actual Asset Allocation**

	FY20	FY21	Average
<b>Cash</b>	81%	94%	46%
<b>T-bills</b>	19%	-	52%
<b>TDRs</b>	-	6%	2%
<b>Others</b>	0.4%	0.5%	0.47%

The fund’s Investment Policy Statement (IPS) states that FHCF shall invest its entire portfolio in money-market instruments having a short tenor. In line with historic trend, the fund’s assets under management remained deployed in its cash balances and T bills. Exposure in T-bills increased to 52% on a monthly average basis (FY20 33%) while only reducing at year end to build cash cushion for possible redemptions. The fund’s asset allocation plan majorly complied with the requisites of its offering document for FY21.

**Credit Quality:**

**Table 3: Actual Credit Quality**

	Average	Maximum	Minimum
<b>AAA</b>	78%	99%	0%
<b>AA+</b>	21%	99%	0%
<b>AA</b>	0%	10%	0%
<b>Others</b>	0.5%	4%	0%

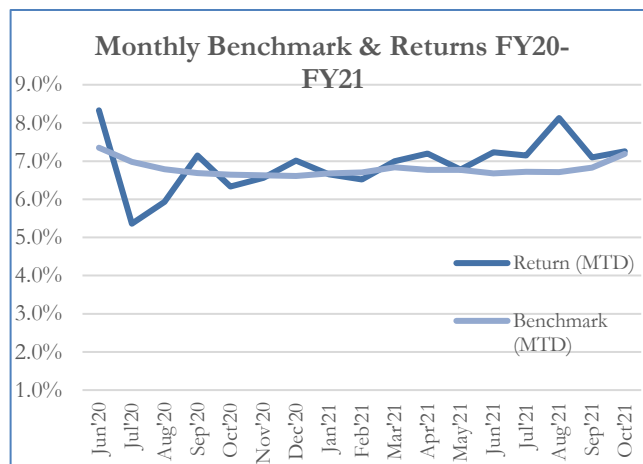
The fund’s IPS follows a conservative strategy stating that any exposure the fund takes shall not fall below ‘AA’ rated issue/issuer. During FY21, the fund managed to place 78% of its assets in AAA rated issue and issuer. Hence, credit quality requisites remained in line for the assigned rating.

**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. During FY21, WAM of the fund remained compliant with the criteria on actual basis; highest WAM was reported at 87 days end-Jul’21 as the fund placed its entire portfolio in T-bills.

**Fund Performance:**



Benchmark performance of the fund is determined against 30% three month average deposit rates of 3 AA rated banks and 70% three month PKRV rates. During FY21, fund’s annualized benchmark return was recorded at 6.70% (FY20 11.45%) against which the fund generated an annualized return of 6.84% (FY20 12.94%). Returns over the year witnessed some volatility. The fund outperformed its benchmark return on annual basis, although underperformance has been noted in certain months. Moreover, contrary to last year, relative performance of the fund with respect to peers registered a decline. The fund ranked 13 of 22 on annualized basis as of June 30, 2021.

**Table 4: Fund Performance**

Performance	FY20	FY21
<b>Total Return</b>	12.94%	6.84%
<b>Peer Group Return Ranking</b>	3 out of 19	13 out of 22
<b>Benchmark Return</b>	11.45%	6.70%
<b>Peer Group Average</b>	12.59%	6.71%

### Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/28/2021	AA+(f)	Reaffirmed
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

<b>FINANCIAL SUMMARY</b>		<i>(amounts in PKR millions)</i>	
<b><u>BALANCE SHEET</u></b>		<b>FY20</b>	<b>FY21</b>
Paid Up Capital		NA	NA
Total Equity		NA	NA
<b><u>INCOME STATEMENT</u></b>			
Total income		280	569
Profit Before Tax		255	513
Profit After Tax		255	513
<b><u>RATIO ANALYSIS</u></b>			
Net Cash Generated from Operating Activities		748	(539)
Current Ratio (x)		NA	NA
Gearing (x)		NA	NA