

Al Habib Cash Fund (AHCF)

Managed By: Al Habib Asset Management Limited

Fund Stability Rating

Latest Rating

AA+(f)

15-Nov-23

What is Fund Stability Rating

Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors an impartial gauge of the primary areas of risk that income funds may face, including credit risk, liquidity risk, and interest rate risk.

Fund Information

Auditor	EY Ford Rhodes & Co. Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	0.03
Back-end Load	Nil
Benchmark	70% 3M PKRV rates+ 30% 3M Avg. Dep. Rate of 3 AA rated banks
MQR Rating	AM2+
Mgt. Fee	Upto 10% of the gross earnings

Fund Overview

Al Habib Cash Fund (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered into on March 10, 2011 between Al Habib Asset Management Limited and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Investment Objective

The investment objective of AHCF is to provide its unit holders optimum returns from a portfolio of low risk and short duration assets while maintaining high liquidity.

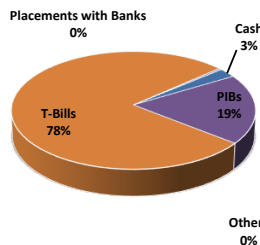
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Deposits with scheduled banks/DFIs	AA	0%-70%
Reverse Repo against Government Securities or such other securities as allowed by the Commission	GoP/ AA and above	0%-50%
Government Securities: Treasury Bills and other Government securities as allowed from time to time	-	0%-100%
Current and Savings Account	AA	0-100%
Foreign Investments (in authorized money market instruments and other money market mutual funds)	AA rated by a reputed International Rating Agency	0% upto 30% subject to a cap of US\$ 15,000,000 or such other limit by SECP or SBP
Certificate of Deposits (CODs), Certificate of Investments (COIs), Certificate of Musharaka, Placements under approved Shariah Complaint Structure with NBFCs and Modarabas	AA*, AAA* in case of NBFC or Modaraba	0%-20%
Commercial Papers	AA	0%-10%

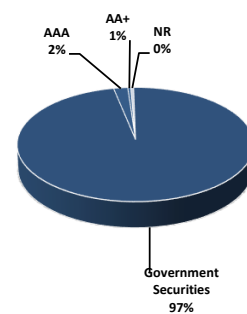
Net Assets

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	16,900	22,912	24,870

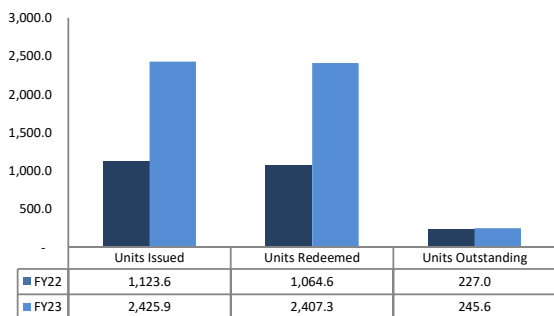
Asset Allocation - Jun'23



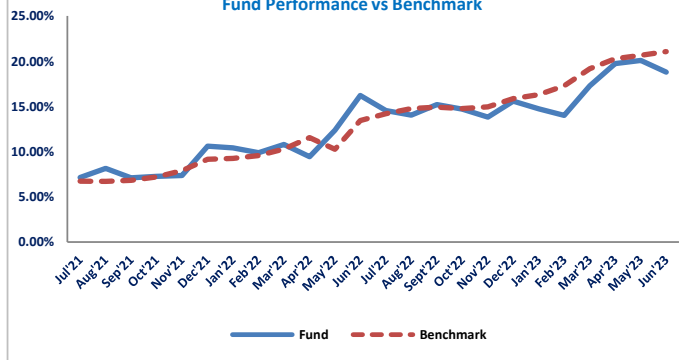
Credit Quality - Jun'23



Investor Activity (Units in Mn.)



Fund Performance vs Benchmark



Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
Government Securities	73.79%	99.11%	0.00%	Cash	60.50%	23.62%
AAA	17.76%	74.36%	0.09%	Placements with Banks	1.89%	1.33%
AA+	7.22%	28.17%	0.00%	Placements with DFIs	0.00%	0.00%
AA	0.00%	0.00%	0.00%	PIBs	0.00%	1.60%
AA-	0.00%	0.00%	0.00%	GOP Ijarah Sukuk	0.00%	0.00%
A+	0.00%	0.00%	0.00%	T-Bills	36.90%	72.19%
A	0.00%	0.00%	0.00%	TFCs/Sukuk	0.00%	0.00%
A-	0.00%	0.00%	0.00%	CP	0.00%	0.00%
BBB+	0.00%	0.00%	0.00%	Spread/MTS	0.00%	0.00%
BBB	0.00%	0.00%	0.00%	Others	0.71%	1.22%
BBB-	0.00%	0.00%	0.00%			
NR	1.22%	10.17%	0.06%			
Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM (In days)	36.17	74.00	2.00	Total Return (YTD)	10.17%	17.28%
Duration (In Days)	36.17	74.00	2.00	Benchmark Return (YTD)	9.30%	17.01%
				Peer Average	10.61%	17.41%
				Peer Ranking	18 out of 21	19 out of 24

Fund Stability Analysis

The Al Habib Cash Fund (AHCF) has been assigned a Fund Stability rating of AA+(f) based on its asset allocation, credit quality of investment, and market and liquidity risk.

Asset Allocation:

The fund's asset allocation has remained within the parameters identified in the offering document. It holds a significant portion of its assets in government securities such as Treasury Bills (June'23: ~72.19%) and cash (June'23: ~23.63%). This allocation to low-risk and liquid assets aligns with the fund's investment objective of providing optimum returns while maintaining high liquidity.

Credit Quality:

The credit quality of the fund's portfolio meets the guidelines stipulated in our methodology for the assigned rating. The majority of the fund is vested in AAA rated securities which is consisting around 91.6% as at Jun'23, indicating a high level of creditworthiness. The fund's credit risk appetite and credit quality align with the criteria for the assigned rating, further contributing to its stability.

Market and Liquidity Risk:

The fund remains dominated by retail investors (~66%) and corporates (~21%). The fund limits its weighted average maturity (WAM) to 90 days to mitigate potential losses from adverse movements in the discount rate while the maximum WAM the fund has reached during the period under review was 74 days, remained in the stipulated limit. Additionally, the maturity of any individual asset must not surpass six months which also remained compliant during the period under review.

Fund Performance:

The fund generated a YTD return of ~17.3% (including dividends) against a benchmark of ~17.0% as of June'23. However, the average month-on-month return during FY23 stood at 16.1% underperforming the benchmark of 17.0%. Relative to peers, the fund was placed in the fourth quartile in the category of 24 funds.

Financial Snapshot			
BALANCE SHEET		FY22	FY23
Paid Up Capital		N/A	N/A
Total Equity		N/A	N/A
INCOME STATEMENT		FY22	FY23
Total Income		2,129.1	3,035.1
Profit Before Tax		2,006.2	2,828.9
Profit After Tax		2,006.2	2,828.9
RATIO ANALYSIS		FY22	FY23
Current Ratio (x)		N/A	N/A
Gearing (x)		N/A	N/A
FFO		N/A	N/A
Regulatory Disclosures			
Name of Rated Fund	Al Habib Cash Fund	Sector	Mutual Funds
Type of Relationship	Solicited	Purpose of Rating	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	15-Nov-23	AA+(f)	Reaffirmed
Fund Stability	13-Dec-22	AA+(f)	Reaffirmed
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.		
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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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