

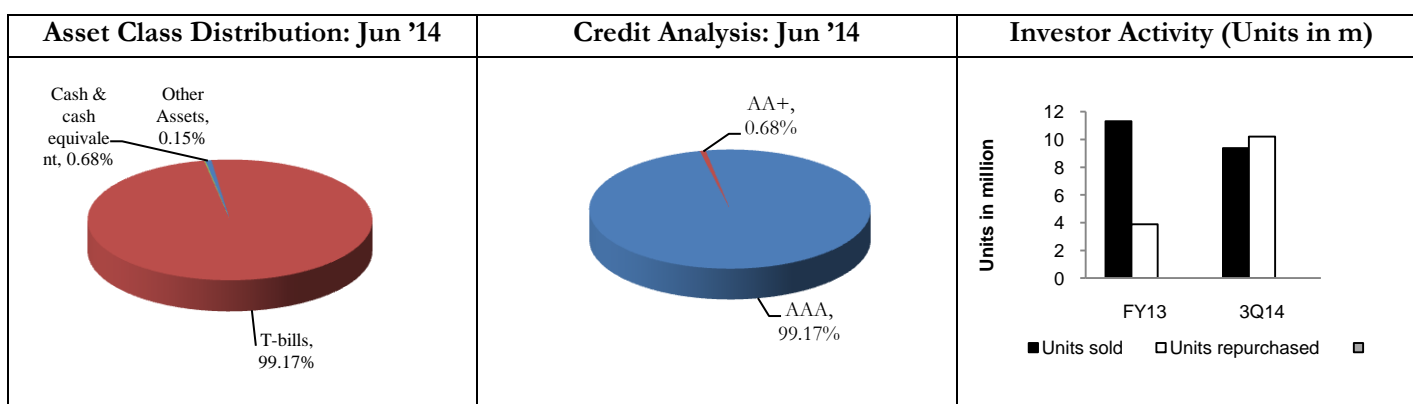
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Investment Objective

To provide optimum returns consistent with minimal risk from a portfolio constituted of high quality short term securities/instruments, which will provide liquidity.

AKD Cash Fund (AKD- CF)		
Rating Category	Latest	Previous
Fund Stability Rating	AA+(f)	AA+(f)
	Sep 26, '14	May 30, '13
Management Company	AKD Investment Management Limited	
Chief Executive	Mr. Imran Motiwala	
Fund Manager	Ms. Saba Mahmood	
External Auditors – Fund	M. Yousuf Adil Saleem & Co. Chartered Accountants	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	N/A	
Back-end Load	-	
Management Fee	0.4% per annum	
Benchmark	50% Average return of 3-months deposit rates of AA and above rated scheduled commercial Bank(s), and 50% average 3-months T-Bill rate	



Launched in January 2012, AKD Cash Fund (AKD-CF) is a money market fund with an investment policy to maintain a very low-level of risk. Both by the operational investment policy in place for the fund and the actual asset allocation, the fund’s exposure to credit and price risk have been maintained at low end of the risk spectrum.

The operational investment policy lays down limits for the fund’s exposure to various types of instruments and credit quality of the same. These limits are further subject to the following:

- Maximum exposure in AA rated entities/instruments is capped at 20% of net assets

with the remaining exposure to be maintained in higher rated assets, including government securities.

- Minimum exposure in AAA rated securities / instruments is stipulated at 50% of net assets.

As per policy, time to maturity of any asset shall not exceed six months and weighted average time to maturity of net assets is capped at 60 days. Furthermore, duration of portfolio of T-bills or re-price able instruments shall also not exceed 60 days.

The table below presents the operational investment policy of the fund:

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Table 1: Investment Policy of AKD-CF (% of Net Assets)

Investments	Minimum Entity Rating	Maximum Exposure Limit*
Cash in Bank Accounts	AA	100%
Treasury Bills, PIBs & Govt. Securities	N/A	100%
Placements with Bank and DFI including Certificates of Deposit and TDR.	AA	80%
Commercial paper	AA	10%
Money Market placements, under LOP etc. with Commercial Banks and DFIs*	AA	80%
Placement of Funds with NBFCs and Modaraba	AAA	25%
Reverse Repo transactions against Government Securities with Commercial Banks and DFIs or NBFCs and Modarabas.	AA in case of Banks and DFIs /AAA in case of NBFCs and modarabas	50%
Subject to prior written approval of the Commission and other regulatory approvals, the fund may invest in foreign money market income securities and any other instruments issued, listed and traded outside Pakistan as per regulatory and SBP guidelines	AA (or equivalent rating) by a reputed International Rating Agency	30% (subject to a cap of US\$ 15 million)

* These limits are further subject to maximum exposures by credit ratings as stated earlier.

The fund has remained primarily invested in T-bills during FY13 and FY14; average asset allocation to the same was 96.4% in FY14 as compared to 95.7% in FY13. Remaining exposure comprises placement with a commercial bank having a rating of 'AA+'. Average net assets of the fund during FY14 were also significantly higher at Rs. 503.2m as compared to Rs. 266.2m in FY13. At end-June'14, net assets amounted to Rs. 511m.

Table 2: Asset Allocation of AKD-CF (% of Net Assets)

	Average since Launch*	June'13	Jun'14
T-Bills	95%	80.01%	99.17%
Cash	5%	0.70%	0.68%
Other assets	0%	19.21%	0.15%

* First full month of operations

As per the operational investment policy, maximum duration of the fund has been capped at 60 days. In contrast to FY13 where two breaches of this policy guideline were observed, AKD-CF has remained compliant with this requirement during FY14, as per month end data made available. Maximum duration during FY14 was 60 days at end January, 2014. As at end-FY14, duration of the fund was reported at 35 days.

Investor concentration in the fund has declined slightly on a timeline basis with top 10 investors holding 72.6% of outstanding units at end-FY14 as compared to 75.1% at end-FY13. Ability to meet redemptions is supported by the liquidity profile of assets.

Fund performance has been fairly stable on a month on month basis in FY14. The fund generated a net return of 8.77% during the year, which was the second highest in relation to peers. Management fee of the fund is amongst the lowest in its peers. Prior to September'2013, the fund was not charging any management fee. Subsequent to the fund crossing Rs. 500m in size in September, management fee of 0.4% has been introduced. Management fee will be increased to 0.5% once fund size of Rs. 1b is achieved and further to 1.25% once fund size exceeds Rs. 1.5b. On a gross return basis, AKD-CF's return was in line with average peer group return.

Benchmark of the fund is set as an equal weighted average return of 3-months deposit rates of AA and above rated scheduled commercial banks and average 3-months T-bill rate. Given this benchmark composition versus almost 97% of assets deployed in t-bills in actual, the fund has the ability to out-perform the benchmark. For FY14, the net return of AKDCF at 8.77% was higher than the benchmark return of 8.44%. The fund is likely to depict stability in performance, given its low exposure to credit and market risks JCR-VIS