

Date: July 13, 2018

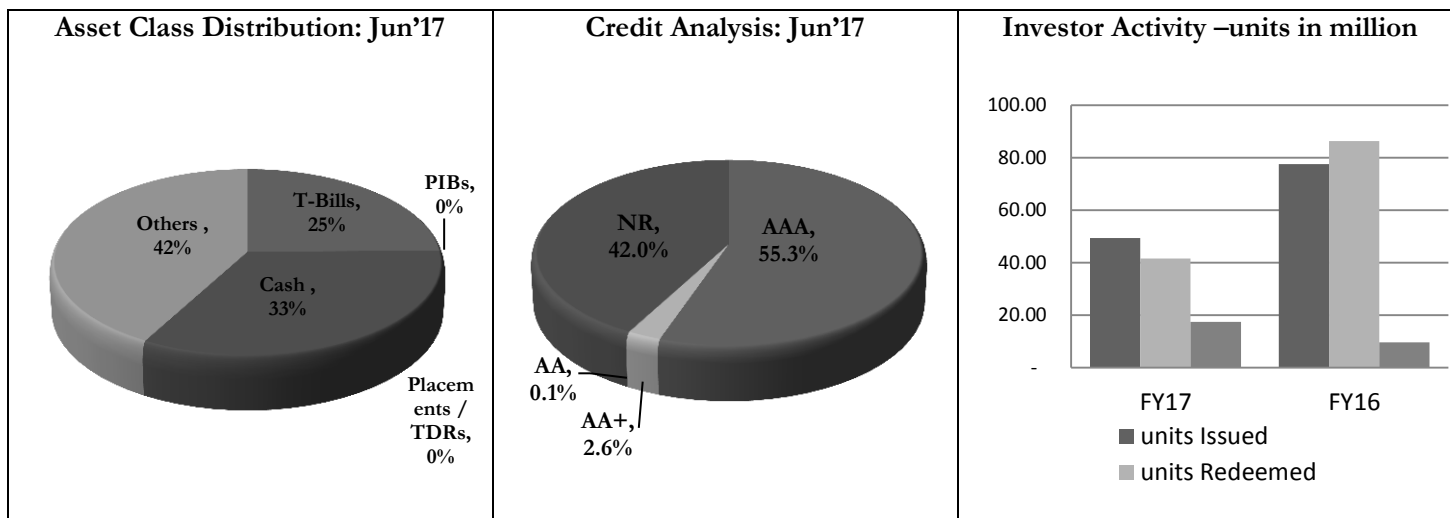
Analyst: Muniba Khan
Muhammad Tabish

Investment Objective

To provide investors high liquidity levels along with the low credit risk and price fluctuations.

Askari Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA+(f) Jul 5, 2018	AA+(f) Dec 30, 2016
Asset Management Company	Pak Oman Asset Management Limited	
External Auditor - Fund	KPMG Taseer Hadi & Co.	
Chief Executive	Mr. Adeel Ahmed Khan	
Fund Manager	Mr. Faisal Raza	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	0.50%	
Benchmark	70% average 3 month PKRV + 30% Average 3-month deposit rate as selected by MUFAP	

In Rs. m	ACF		
	FY17	FY16	
Type of Scheme	Money Market		
Return (%) (Gross returns)	8.49%	5.56%	
Benchmark (%)	5.25%	5.87%	
Relative Ranking	3 out of 22	12 out of 22	
Fund Size (in Rs. m)	1,742	964	
Retail (%)	19.3%	34.9%	
Associates (%)	6.66%	36.4%	
Number of Investors	263	300	
Top 10 Investors / AUMs	-	63.6%	
WATM (Weighted Average Time to Maturity) (days)	20	12	
Duration (years)	0.05	0.03	
Asset Allocation (average for the year)			
	T-Bills	24.8%	10.9%
	PIBs	-	31.9%
	Placements / TDRs	-	-
	Cash	33.2%	55.3%
	Others	42.0%	1.8%



The fund was launched in 2009 with an objective to provide investors with exposure in money market instruments along with high levels of liquidity. The fund was renamed as Askari Cash Fund (ACF - formerly Askari Sovereign Cash Fund), post-acquisition of Askari Investment Limited (AIML) by Pak Oman Asset Management Limited (POAML). POAML has a management quality rating of AM3, signifying good management quality.

The Investment Committee (IC) comprises Chief Executive Officer (CEO), Chief Financial Officer (CFO) and respective fund management team. Decision making is done on consensus basis.

Fund size of ACF witnessed a twofold increase with net assets amounting Rs. 1,742.4m (FY16: Rs. 963.9m) given improvement in discount rates. Nevertheless, the fund size declined to Rs. 779.6m at end-March 2018.

In line with its mandate, the fund’s exposure to various sources of risks has been maintained at low end of the risk spectrum, both by policy and as also manifested in actual asset allocation. As per investment policy, pre-

defined exposure limits are in place for each investment avenue.

As per the outlined policies of offering document (OD), fund’s investment structure constitute of the following criteria:

- No Minimum exposure required in T-Bills, PIBs and other government securities. .
- Minimum 10% of net assets must be placed in cash in bank account (excluding TDRs), GOP Ijara Sukuk and Treasury Bills not exceeding 90 days’ maturity with a minimum entity rating of AA.
- Maximum 75% exposure in deposits in scheduled banks with a minimum AA rating.
- Reverse repo transactions with authorized investments

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Figure 1: Asset Allocation criteria

	Minimum Rating	Minimum exposure	Maximum exposure
Debt securities (issued by government or controlled subsidiaries of government)	AAA	0%	100%
Cash in bank	AA	10%	100%*
Term Deposits	AA	0%	75%*
Reverse Repo against authorized investments**	AA	0%	50%
Clean placement of funds with commercial banks and DFIs	AA	0%	50%
Money market placements	AAA*	0%	50%**
Commercial papers	AA	0%	50%
Financial Instrument	AA	0%	50%
Foreign authorized investments	AA	0%	30%

*If counterparty is an NBFC; minimum entity rating would be AAA.

** 25% if counter party is a microfinance bank, non-banking financial company or a Modaraba.

Asset Allocation

Majority of the funds were deployed in government securities, primarily T-bills throughout FY17, maintaining a month end average holding of 64.6%. Remaining assets were deployed as cash equivalents and receivables. Given anticipated increase in interest rates, the fund withdrew its exposure from government paper during second quarter of 2017. As of March 31, 2018, all assets were held in cash and cash equivalents.

Figure 2: Asset Allocation

Assets	Mar'18	Jun'17	Jun'16	Average
Cash	99.37%	33.21%	55.34%	31.75%
T Bills (Govt. sec)	-	24.76%	10.95%	64.62%
PIBs	-	-	31.94%	-
Others	0.63%	42.03%	1.77%	3.63%
Total	100%	100%	100%	

As per the governing documents, ACF can only invest in securities with a minimum credit quality rating of AA. However, almost 42% of assets were held in unrated receivables which was subsequently reduced to a negligible amount (<1% of net assets).

To minimize losses resulting from volatility in benchmark rate, the fund's weighted average maturity (WAM) is capped at 90 days. ACF was in compliance with the said

stipulation throughout the period ending March 2018. Highest WAM was reported at 61 days at end-August 2017 on account of a large chunk of assets parked in T-bills.

Liquidity Profile

Given significant redemptions during the period under review, total number of investors declined to 263 (FY16: 300) with proportion of retail clients reducing to 19.3% (FY16: 34.9%) by end-June 2017. Despite decline in investor base, the fund size improved on the back of higher investments from corporate clients and associates. Moreover, contribution from corporates increased from 7.1% in June 2016 to 54.7% in June 2017. The fund must ensure granularity in order to support its liquidity position.

Unit holding pattern depicts room for improvement, concentration of top ten contributors remained on the higher side. Liquidity profile of the fund is nevertheless considered strong with assets deployed in low risk and short term instruments.

Fund Performance

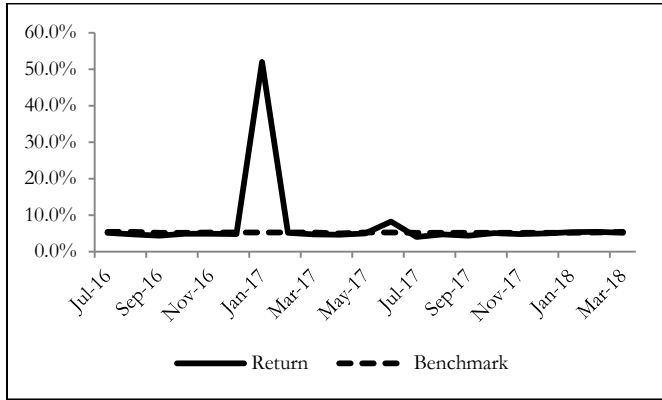
The fund is benchmarked against a combination of return posted by average 3-month PKRV (70%) and 3-month average deposit rate. The fund surpassed the benchmark in FY17, delivering a return of 8.5% vis-à-vis the benchmark return of 3.4%.

Considerable variations in terms of monthly returns were witnessed during FY17 with the unexpected high return of 52.0% (YTD: 10.4%) in January 2017 on account of one-off reversal of Worker Welfare Fund (WWF) expense across the industry. Nonetheless, on a month-on-month average basis, return of ACF has averaged around the 5% mark from June 2016 to March 2018.

Figure 3: Fund Return vs benchmark returns

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Nevertheless, net return of the fund was comparable to peers. Relative to peers, the fund’s ranking improved from the 12th to 3rd position of 22 funds. JCR-VIS

Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	07/05/2018	AA+ (f)	Reaffirmed
Fund Stability	12/30/2016	AA+ (f)	Reaffirmed
Fund Stability	12/31/2015	AA+ (f)	Initial