

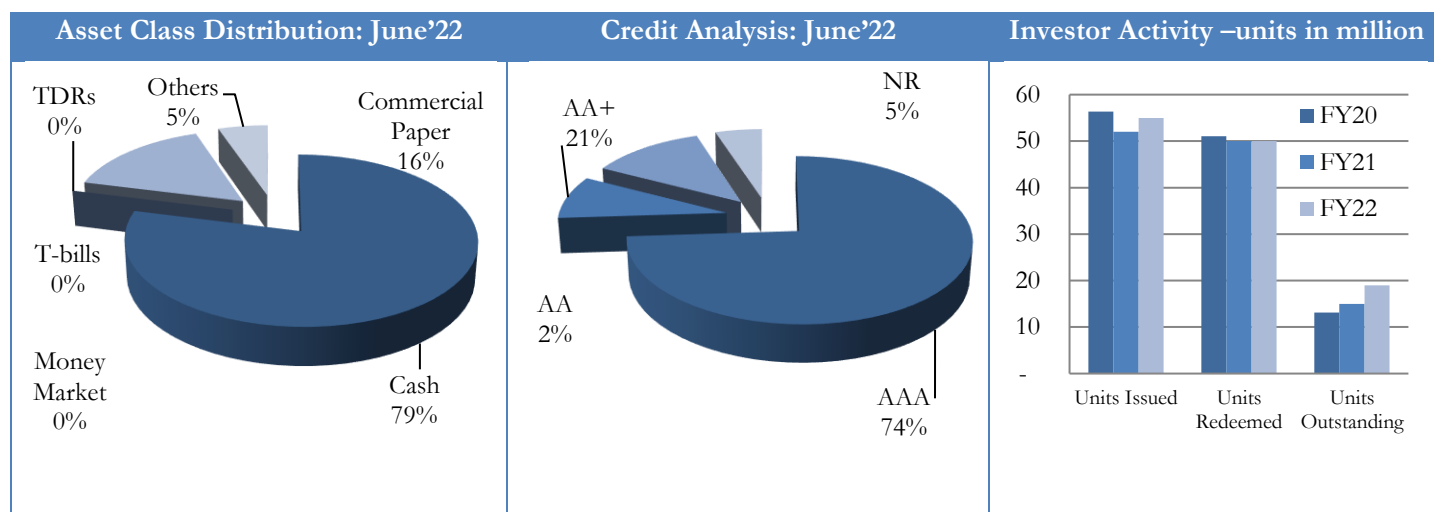
Date: January 04, 2023

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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) | AA+(f) |
| | Jan 04, 2023 | Dec 17, 2021 |
| Asset Management Company | Pak Oman Asset Management Limited | |
| External Auditor - Fund | RSM Avasi Hyder Liaquat Nauman | |
| Chief Executive | Ms. Sadaf Kazmi | |
| Fund Manager | Mr. Muhammad Sabih | |
| Trustee | Central Depository Company | |
| Front-end Load | Nil | |
| Back-end Load | Nil | |
| Management Fee | 0.35% | |
| Benchmark | 70% average 3 month PKRV + 30% Average 3-month deposit rate of 3 AA rated schedule banks as selected by MUFAP | |



Askari Cash Fund (Formerly known as Askari Sovereign Cash fund) is an open-end money market fund launched in October 2009 with an aim to provide its investors with high liquidity options through investments in government securities and other authorized investment avenues.

Fund size has registered growth, with asset base increasing from 1,576m in June'21 to 2,025m in June'22, registering a growth of 28%.

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

The fund's exposure in various investment avenues have been stipulated in the offering document. In line with Offering Document (OD), the fund cannot take exposure below 'AA' rating instruments.

Table 1: Asset Allocation criteria

| | Min Rating | Min exposure | Max exposure |
|--|------------|--------------|--------------|
| Debt securities (issued by govt. or govt. subsidiaries) | AAA | 0% | 100% |
| Cash in bank | AA | 10% | 100% |
| Term Deposits | AA | 0% | 75% |
| Reverse Repo against authorized investments | AA | 0% | 50% |
| Money market placements | AAA | 0% | 50% |
| Commercial papers | AA | 0% | 30% |
| Financial Instrument | AA | 0% | 50% |

Asset Allocation

During the year, the fund asset allocation plan was in compliance with the standards prescribed in the offering document, barring few instances where asset deployed in cash were below the minimum threshold. On an average basis, 56% of the investment were allocated to cash, 37% to T Bills and remainder were deployed in commercial paper and other assets. However, since June 2022, asset allocation depicts a higher proportion of investments in commercial papers rated ‘AA’, as compared to last year.

Table 2: Asset Allocation

| Assets | Jun’22 | FY22 Average | FY21 Average |
|---------------------|-------------|--------------|--------------|
| Cash | 79% | 56% | 37% |
| T Bills | 0% | 37% | 57% |
| Money Market | 0% | 0% | 0% |
| TDRs | 0% | 0% | 2% |
| CP | 16% | 3% | 0% |
| Others | 5% | 3% | 4% |
| Total | 100% | 100% | 100% |

Credit Quality

In order to cater to its mandate, the fund is required to invest in instruments with a minimum credit quality rating of ‘AA’ or higher. During FY22, the fund was adherent to the requirements of the offering document.

Table 3: Credit Quality

| Credit Quality | Average | Maximum | Minimum |
|----------------|---------|---------|---------|
| AAA | 63% | 97% | 0% |
| AA+ | 30% | 97% | 0% |
| AA | 3% | 16% | 0% |

| | | | |
|------------------|----|----|----|
| Not Rated | 3% | 5% | 2% |
|------------------|----|----|----|

Liquidity Profile

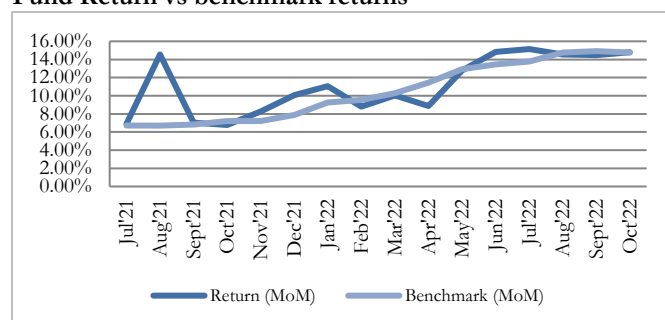
Top ten investors account for around 61% of the total AUMs as at June’22 (end-June’21: 66%), indicating improvement in the same. Albeit lower asset allocation in cash and T-bills vis-à-vis previous year, ability to meet redemptions is considered adequate given the sizeable asset allocation in cash and T-Bills. At End June’22, investment in cash and T-bills amounted to 79% while at Oct’22, it was reported at 86.17%.

Market Risk

Weighted average time to maturity of the fund is capped at 90 days, while the fund is barred from investing in any asset class whose maturity is exceeding six months; the compliance of the same is evaluated throughout the year. Average weighted average maturity stood at 29 days, with highest observed WAM was 85 days at June’22.

Fund Performance

Fund Return vs benchmark returns



| Performance | FY20 | FY21 | FY22 |
|-------------------------|--------|-------|--------|
| Total Return | 13.01% | 6.75% | 10.54% |
| Peer Ranking | 11/14 | 15/21 | 12/21 |
| Benchmark Return | 11.66% | 6.71% | 9.28% |
| Peer Average | 12.57% | 6.79% | 10.61% |

Benchmark performance of the fund is determined against a combination of return posted by average 3-month PKRV (70%) and 3-month average deposit rate (30%). During FY22, funds benchmark return was recorded at 9.28%, against which the fund generated an annualized return recorded at 10.54%, underperforming the benchmark. In relation to its peers, the fund ranked 12 out of 21 as at June’22.

| FINANCIAL SUMMARY <i>(Amounts in PKR millions)</i> | | | |
|---|-------------|-------------|----------------|
| BALANCE SHEET | FY21 | FY22 | *1QFY22 |
| Paid Up Capital | NA | NA | NA |
| Total Equity | NA | NA | NA |
| INCOME STATEMENT | | | |
| Total income | 136 | 222 | 79 |
| Profit Before Tax | 121 | 209 | 76 |
| Profit After Tax | 121 | 209 | 76 |
| RATIO ANALYSIS | | | |
| Net Cash Generated from Operating Activities | 412 | (152) | (1635) |
| Current Ratio (x) | NA | NA | NA |
| Gearing (x) | NA | NA | NA |

*Un-audited Accounts

ISSUE/ISSUER RATING SCALE & DEFINITIONS

Appendix I

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: FUND STABILITY RATING SCALE

AAA(f)

Highest degree of stability in NAV. Risk is negligible with very low sensitivity to changing economic conditions

AA+(f), AA(f), AA-(f)

High degree of stability in NAV. Risk is modest but may vary slightly from time to time because of changing economic conditions

A+(f), A(f), A-(f)

Moderate degree of stability in NAV. Risk factors may vary with possible changes in the economy

BBB+(f), BBB(f), BBB-(f)

Adequate degree of stability in NAV. Risk factors are considered variable if changes occur in the economy

BB+(f), BB(f), BB-(f)

Low degree of stability in NAV. Risk factors are sensitive to changes in the economy

B(f)

Very low degree of stability in NAV. Risk factors are capable of fluctuating widely if changes occur in the economy

The FSR scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings.

FSRs may be placed under 'Rating-Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate re-evaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating-Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating-Watch' may result in a rating change, while the rating continues to be placed under 'Rating-Watch'.

| REGULATORY DISCLOSURES | | Appendix | | | |
|-------------------------------------|---|-----------------------|--------------------|----------------------------|----------------------|
| Name of Rated Entity | Askari 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 | 01/04/2023 | AA+(f) | Reaffirmed |
| | | Fund Stability | 12/17/2021 | AA+(f) | Reaffirmed |
| | | Fund Stability | 12/31/2020 | AA+(f) | Reaffirmed |
| | | Fund Stability | 11/26/2019 | AA+(f) | Reaffirmed |
| | | Fund Stability | 05/07/2018 | AA+(f) | Reaffirmed |
| | | Fund Stability | 12/30/2016 | AA+(f) | Reaffirmed |
| | | Fund Stability | 12/31/2015 | AA+(f) | Initial |
| Instrument Structure | N/A | | | | |
| 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. | | | | |
| Probability of Default | VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default. | | | | |
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