

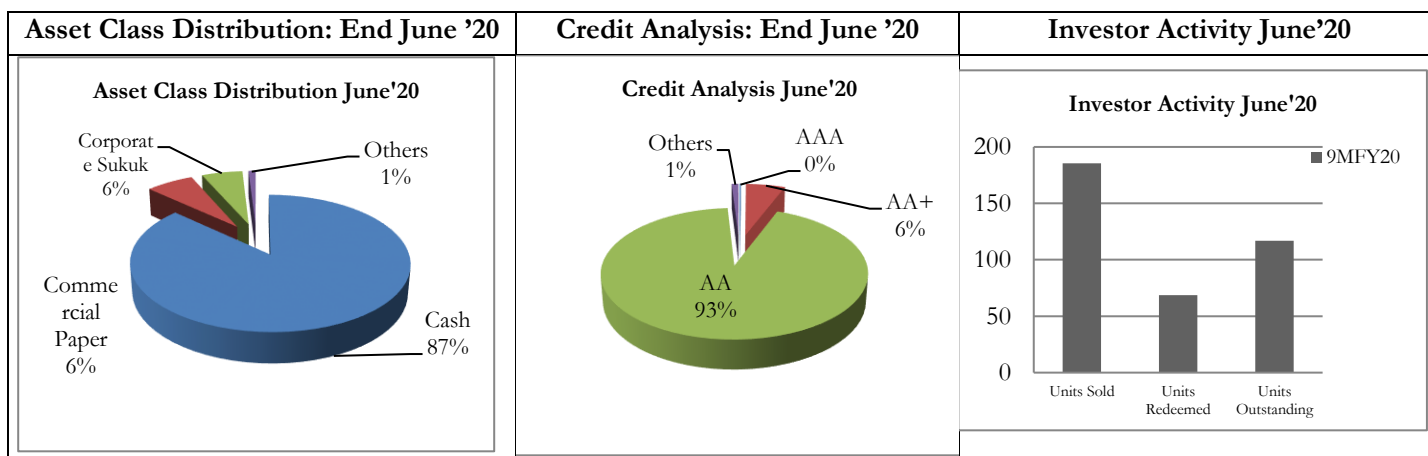
September 17, 2020

Analyst: Maham Qasim

Investment Objective

To provide investors, with competitive returns by investing in low risk and highly liquid Shariah compliant money market instruments

ABL Islamic Cash Fund		
Rating Category	Latest	Previous
	AA (f)	Nil
Fund Stability Rating	17 Sep 2020	Nil
Management Company	ABL Asset Management Company Limited (ABL AMC)	
Chief Executive	Mr. Alee Khalid Ghaznavi	
Fund Manager	Mr. Abdul Rehman Tahir	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	Upto 1%	
Back-end Load	Nil	
Management Fee	2.0% of gross earnings subject to a minimum fee of 0.25% and a maximum fee of 0.75% of average daily net assets	
Benchmark	Avg Deposit Rate of 3 AA rated Islamic banks or Islamic windows of Conventional Banks	



ABL Islamic Cash Fund (ABL-ICF) was launched in Feb' 2020, operating as an open end shraiah compliant money market fund. The fund is managed by ABL AMC which has a management quality rating of 'AM2++' by (VIS) denoting very good management quality.

During the first year of operation the net assets of the fund manifested an increase of Rs. 1.5b as of Rs. 1.3b at the start of Feb'20. Fund size remained at Rs. 1.5b at end-July'20.

In order to cater to its mandate, the fund maintains low exposure to risk. Consequently, pre-defined limits have been stated in order to limit deployment in different asset classes.

The fund's average cash exposure was recorded at 88.9% during the first six months of operations till July'20, with investments in cash placements amounting to 89% at end-June'20. Remaining chunk of investment portfolio was concentrated in commercial paper and corporate sukuk.

Table 2: Asset allocation summary

	End-June FY20	Avg. FY20	Limit
Cash	86.62%	89%	10-100%
Commercial Papers	6.57%	7%	0-25%
Corporate Sukuk	5.68%	2%	0-90%
Others including receivables	1.13%	1%	0-10%

Total number of investors increased to 40 at end-July'20 from start of 19 investors at end-Feb'20. Retail portion of the fund remained low at less than 1% at end-July'20 while the remaining investment comprises unrelated corporates.

On average, exposure to 'AA' rated counterparties was recorded at around 95% during FY20. There have been no breaches; the fund complied with VIS's criteria and the specified limits stated in the Investment Policy Statement (IPS). The fund preserved 93.1% of its resources in AA rated avenues at end-July'20.

Table 3: Credit quality summary FY20

	Average	Maximum	Minimum
AAA	1.65%	4.26%	0.0%
AA+	2.30%	5.80%	0.0%
AA	94.9%	99.01%	92.94%
Others	1.16%	2.41%	0.0%

The Weighted Average Maturity (WAM) of the fund is capped at 90 days for the purpose of countering any adverse movement in the benchmark rate. Moreover, the fund is prohibited from investing in any asset possessing maturity of higher than 6 months. During the year maximum and minimum WAM was reported at 12.7 and 8.7 day(s) respectively. There was no breach in the WAM of the fund.

Table 4: Market risk summary FY20

	Average	Maximum	Minimum
WAM	10.8	12.7	8.7

Performance of the fund is benchmarked against an equally weighted average deposit rate of 3 AA rated Islamic banks or Islamic windows of conventional banks. Peer rankings of the fund stood at 8 out of a total of 9 funds for FY20, hence ranking stood at 8/9 at end-June'19.

Table 5: Performance summary

Performance	June'20
Total Return	8.23%
Benchmark Return	4.45%
Relative Ranking	8/9

Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability Management Quality</u>				
17-September-20	AA (f)			Initial

BALANCE SHEET (Rs. in millions)	FY19	FY20
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<u>INCOME STATEMENT</u>		
Total Income	N/A	53.6
Profit Before Tax	N/A	50.4
Profit After Tax	N/A	50.4
<u>RATIO ANALYSIS</u>		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A