

**Faysal Islamic Cash Fund (FICF)**
**Managed By: Faysal Asset Management Limited**
**Fund Stability Rating**
**Latest Rating**
**AA(f)**
**15-Dec-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**
**Fund Overview**

<b>Auditor</b>	A. F. Ferguson & Co., Chartered Accountants
<b>Trustee</b>	Central Depository Company of Pakistan Limited
<b>Front-end Load</b>	Up to 2% of NAV
<b>Back-end Load</b>	Up to 1% of NAV
<b>Benchmark</b>	Three (3) months average deposit rates of three (3) –AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.
<b>MQR Rating</b>	AM2++ (VIS)
<b>Mgt. Fee</b>	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.45%)

Faysal Islamic Cash Fund (the Fund) is an open-end money market fund constituted under a Trust Deed entered into on Aug 11, 2020, between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

**Investment Objective**

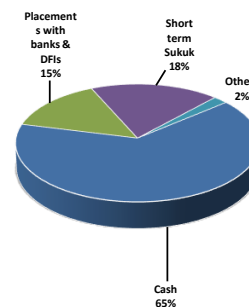
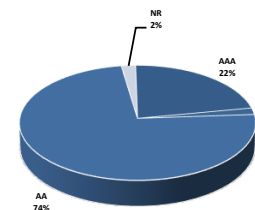
The objective of the scheme is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market securities.

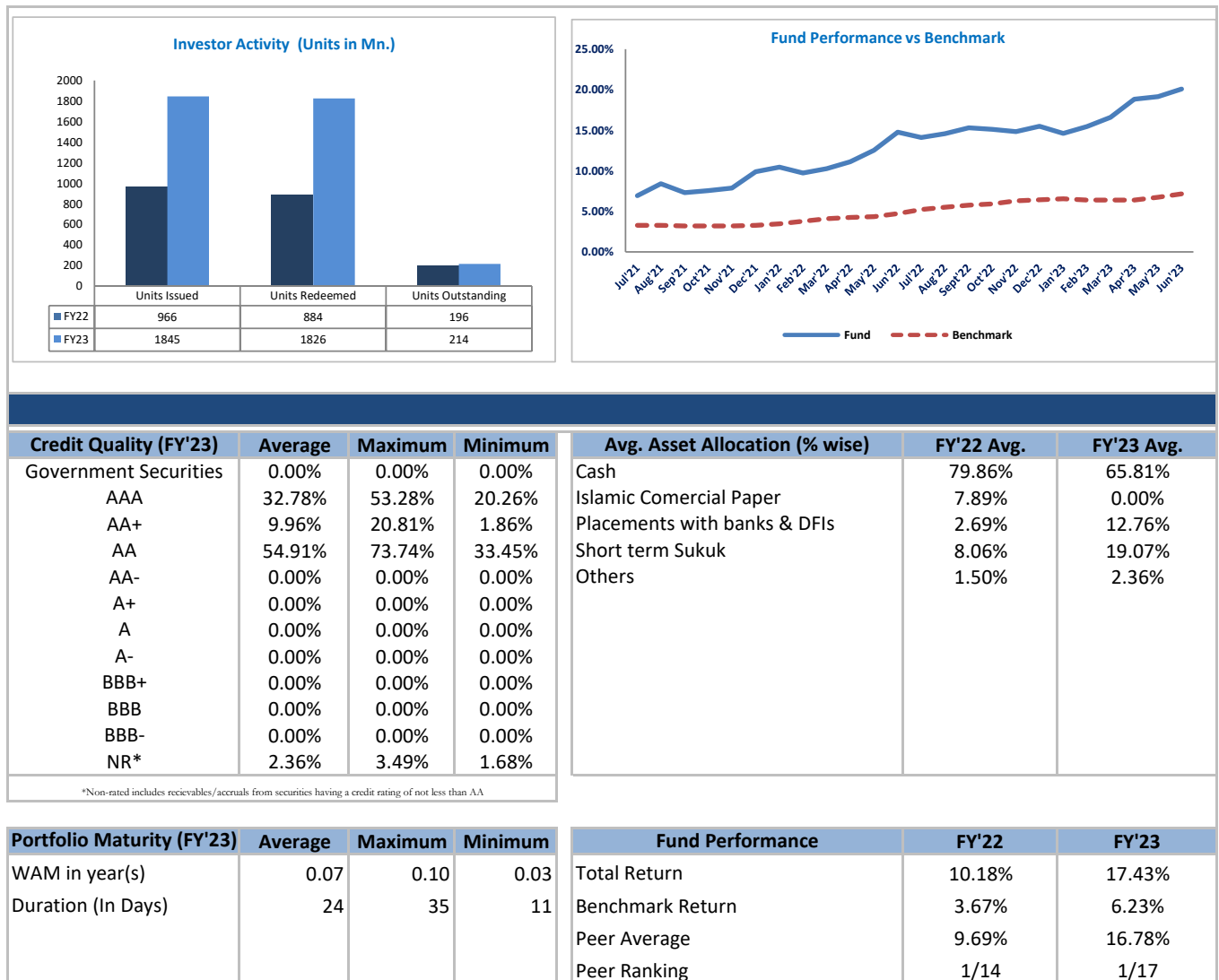
**Offering Document (Extract)**

Description	Minimum rating	Min- Max Limits
Shariah Compliant money market securities including Sukuk issued by Federal Govt., Provincial Govt., Local Govt., Govt. Agencies, Autonomous Bodies, public sector entities and private sector entities.	AA	0%-90%
Shariah compliant Money market instruments such as Islamic TDR, Certificate of Islamic Investments (COI), Certificates of Musharaka (COM), Islamic Certificates of Deposit (COD), etc. with Islamic Commercial Banks and Islamic DFIs or Islamic windows of Commercial banks and DFIs.	AA	0%-90%
Cash and Cash equivalents: Shariah compliant Government Securities with 90 days maturity and cash with Islamic banks/Windows of Islamic Banks	AA and above (Bank Deposits)	10%-100%
Shariah Compliant Placements of funds (including TDR, PLS Saving deposit, COD, COM, COI, Money Market Placements and other clean placements of the funds) with nonbanking finance companies and Modarabas	AAA	0%-25%
Shariah Compliant Placements of funds (including TDR, PLS Saving deposit, COD, COM, COI, Money Market Placements and other clean placements of the funds) with microfinance banks	AA	0%-25%
Shariah Compliant Government Securities	NA	0%-90%
Any other Shariah compliant investment which may be authorized by the Fund's Shariah Advisors and SECP.	AA	0%-As Specified by SECP in the Approval
Islamic Commercial Paper	AA	0%-20%

**Net Assets**

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	11,351	14,410	21,454

**Asset Allocation - Jun'23**

**Credit Quality - Jun'23**




## Fund Stability Analysis

The Faysal Islamic Cash Fund has been assigned a Fund Stability rating of AA(f) based on its asset allocation, credit quality of the investment, and market risk. The fund has demonstrated a high degree of stability in its Net Asset Value, indicating a low level of risk.

## Asset Allocation:

The Assets Under Management (AUMs), excluding fund of funds, exhibited a notable growth, reaching Rs. 21.5b (June'22: Rs. 14.4b), while peaking at Rs. 25.2b in March'23. In May'23, the fund exceeded the permissible exposure limit for short-term sukuks by 2.5%, going beyond the allowed 20%. Nevertheless, the fund remained in compliance when assessed on a MoM average basis. On average, the fund's portfolio is predominantly comprised of cash, accounting for 65.8%, with short-term Sukuk making up about 19.1%, while placements with banks and DFIs is allocated 12.8% of the fund's size.

## Credit Quality:

During the review period, the Fund's credit quality exposures remained consistent with the VIS rating criteria. Furthermore, the Fund adheres to its mandate, which prohibits investments in instruments rated below AA. Consequently, all investments have remained in compliance with this restriction.

## Market and Liquidity Risk:

In accordance with the Investment Policy Statement (IPS), the Weighted Average Maturity (WAM) of the fund is constrained to a maximum of 90 days, with a stipulation that no individual asset may possess a maturity surpassing 180 days. Market risk has remained minimal due to the predominance of investments held in cash deposits.

The fund is mainly comprised of corporate holdings, with the top 10 clients accounting for ~59% (FY22: ~75%) of the fund's portfolio in FY23, depicting room for improvement. However, liquidity risk is effectively mitigated through the fund's asset allocation strategy, which maintains a significant focus on highly liquid investments.

## Fund Performance:

Additionally, the fund has shown a positive performance with a total return of 17.43% in FY23, outperforming both the benchmark return and the peer average and placed in the first quartile relative to peers.

## Financial Snapshot

<b>BALANCE SHEET</b>	<b>FY22</b>	<b>FY23</b>
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<b>INCOME STATEMENT</b>	<b>FY22</b>	<b>FY23</b>
Total Income	1,541.8	3,767.6
Profit Before Tax	1,456.5	3,577.0
Profit After Tax	1,456.5	3,577.0
<b>RATIO ANALYSIS</b>	<b>FY22</b>	<b>FY23</b>
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	Faysal Islamic 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-Dec-23	AA(f)	Reaffirmed
Fund Stability	13-Dec-22	AA(f)	Reaffirmed
Fund Stability	4-Nov-21	AA(f)	Initial
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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Rating Scale	<a href="https://docs.vis.com.pk/docs/VISRatingScales.pdf">https://docs.vis.com.pk/docs/VISRatingScales.pdf</a>		

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Note: VIS' mutual fund rating is not a recommendation to buy, sell, or hold any fund, in as much as it does not comment as to suitability for a particular investor.