

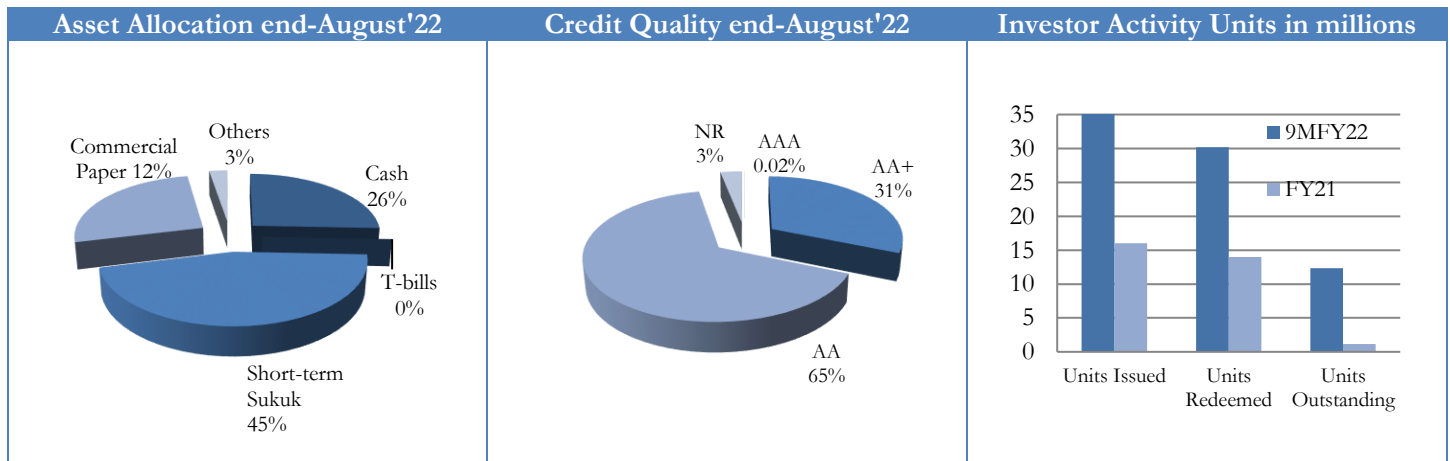
Date: December 26, 2022

Analysts: Syeda Batool Zehra Zaidi

**Investment Objective**

The Objective of the fund is to seek maximum possible preservation of capital and a competitive rate of return via investing primarily in money market securities.

Faysal Cash Fund	
Rating Category	Initial
Fund Stability Rating	AA+(f)
	December 26, 2022
AMC	Faysal Asset Management Company Limited
External Auditors – Fund	A. F. Ferguson & Co., Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Up to 2% of NAV
Back-end Load	Up to 1% of NAV
Management Fee	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.25%)
Benchmark	70% three (3) months PKRV rates + 30% three (3) months average deposit rate of three (3) -AA rated scheduled banks as selected by MUFAP.



Launched in January 2021, Faysal Cash Fund (FCF) is an open-ended money market fund with an aim to provide competitive returns to its investors through investments placed primarily in short term and money market instruments.

The fund’s exposure to various sources of risks has been maintained in actual asset allocation plan and credit quality requisites.

Investment Committee (IC) comprises of Chief Executive Officer, Chief Investment Officer, Chief Finance Officer, Head of Fixed Income, Fund Manager and Director Research.

Fund size witnessed notable growth since its launch, net assets under management (AUMs) registered highest growth in the month of April'22 closing at Rs. 1.9b. As of end-August, fund size was reported to be Rs. 1.3b.

Description	Minimum rating	Min- Max Limits
Cash in bank accounts (excluding TDRs), Treasury Bills and [GoP Ijara Sukuks not exceeding 90 days]	AA	10%-100%
Government Securities (PIB, TBills, GOP Ijara Sukuk etc.)	GOP	0% -90*%
Term Deposits Receipt (TDR) and Clean Placements with scheduled banks	AA	0%-75%
Commercial papers up to six (6) month Maturity	AA in case of Bank/DFI and AAA in case of NBFC and Modaraba	0%-90%
Deposits in Current, PLS Saving Deposit, Term Deposits Receipt (TDR), Certificate of Deposits (COD), Certificate of Investments (COI), Certificate of Musharka (COM), Money Market Placement and Clean Placement with Microfinance Banks.	AA	0%-25%
Certificate of Deposits (COD), Certificate of Investments (COI), Certificate of Musharka (COM), Money Market Placement and Clean Placement with NBFCs and Modarabas	AAA	0%-25%
Any Other investment as authorized by the commission from time to time.	AA	0%-70%

**Asset Allocation:**

Table 2: Asset Class Distribution:

Asset Allocation	Average FY22	August'22
<b>Cash</b>	47%	26%
<b>T-bills</b>	31%	0%
<b>Short-term Sukuk</b>	12%	46%
<b>Commercial Paper</b>	9%	26%
<b>Others</b>	1%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>

During FY22, barring a few months where cash exposure fell below the limit, the fund’s asset allocation was in compliance of the requisites of the offering document. The fund’s major holding at end August 2022 was deployed in short term Sukuk at (46%), whereas month on month average analysis depict short term Sukuk allocation at 12%. Average allocation in T-Bills and cash during FY22 was recorded at 31% & 47% respectively. The fund also invested an average of 9% in Commercial Paper during the year.

**Credit Quality:**

Table 3: Credit Quality

Credit Quality	Average	Maximum	Minimum
<b>AAA</b>	65%	93%	0%
<b>AA</b>	16%	100%	0%
<b>AA+</b>	17%	62%	0%
<b>NR</b>	1%	5%	0%

In order to cater its mandate, the fund is required to invest in instruments that have a minimum credit quality rating of ‘AA’ or higher. During FY22, on an average, 65% of the fund’s investment portfolio was held with ‘AAA’ (or government securities) rated issue/issuer and the remaining in ‘AA+’ and ‘AA’ with a fractional investment in unrated instruments.

**Market Risk:**

As per internal investment policy, weighted average maturity is capped at 90 days. During FY22, barring the month of April'22, Weighted Average Maturity (WAM) of the fund remained below the stipulated limits, maximum duration during the review period was reported to be 91 days in April'22 while duration on a month on month average basis was reported to be at 31 days.

**Liquidity Profile:**

End-June'22, the fund’s investment portfolio remained dominated by retail investors, out of a total of 173 investors, 157 were retailers constituting over 91% of the fund’s portfolio. Remaining investors comprised of associates and unrelated corporates. Top-10 investor concentration of the fund’s investment portfolio was reported be 81% depicting high concentration risk, however, given the fund’s liquid investment portfolio, ability to meet redemptions is considered sound.

**Fund Performance:**

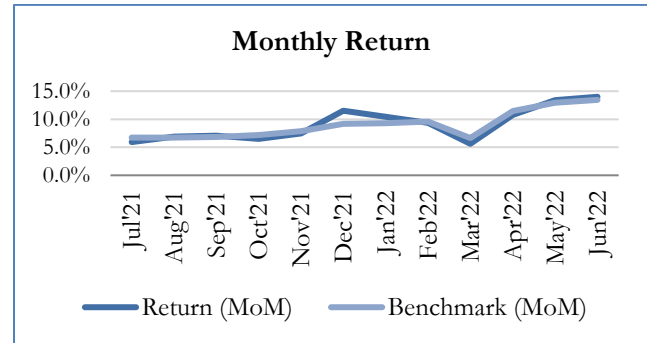


Table 5: Fund Performance:

Performance	Aug22
<b>YTD Return</b>	12.55%
<b>Peer Ranking</b>	24/24
<b>YTD Benchmark Return</b>	14.47%
<b>Peer Average</b>	14.35%

Benchmark of the fund is defined as a weighted average of 3 month deposit rate and 3 month PKRV rate. During FY22, the fund’s performance depicted a volatile trend, nevertheless FCF generated an annualized YTD return of 12.55% underperforming its benchmark and peer average of 14.47% and 14.35% respectively. Relative to peers, the fund was placed in the fourth quartile ranking last in the category of 24 funds in total.

<b>BALANCE SHEET</b>		9MFY22
<b>Paid Up Capital</b>		N/A
<b>Total Equity</b>		N/A
<b>INCOME STATEMENT</b>		
<b>Total Income</b>		25.6
<b>Profit Before Tax</b>		24.6
<b>Profit After Tax</b>		24.6
<b>RATIO ANALYSIS</b>		
<b>Current Ratio (x)</b>		N/A
<b>Gearing (x)</b>		N/A

<b>REGULATORY DISCLOSURES</b>				Appendix
<b>Name of Rated Entity</b>	Faysal Funds (Formerly Faysal Asset Management Company)			
<b>Sector</b>	Mutual Funds			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Fund Stability Rating (FSR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Outlook</b>	<b>Rating Action</b>
	26-Dec-22	AA(f)		Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
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