

Faysal Cash Fund (FCF)

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

Auditor	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
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.
MQR Rating	AM2++ (VIS)
Mgt. Fee	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.50%)

Fund Overview

Faysal Cash Fund (the Fund) is an open-end money market fund constituted under a Trust Deed entered into on Jan 07, 2021, 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 competitive rate of return via investing primarily in money market securities.

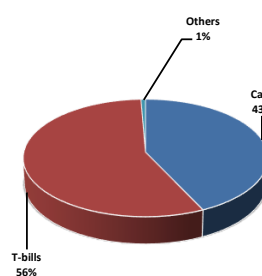
Offering Document (Extract)

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%
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%
Clean Placements and Certificate of Investment (COI) with DFIs.	AA	0%-75%
Reverse Repo against Government Securities or such other allowable securities, in accordance with the Regulations.	AA in case of Bank/DFI and AAA in case of NBFC and Modaraba	0%-75%
Commercial papers up to six (6) month Maturity	AA	0%-20%
Foreign Investments (in authorized money market instruments and other money market funds) subject to prior approval of SECP and SBP.	AA	0-30% of Net Assets or subject to cap of USD 15 million whichever is lower.
Any Other investment as authorized by the commission from time to time.	AA	0%-70%
Secured, unsecured, Listed, Unlisted and privately placed 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%

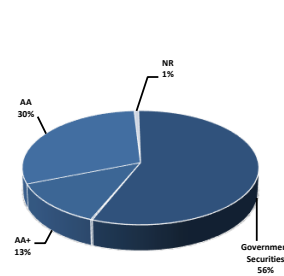
Net Assets

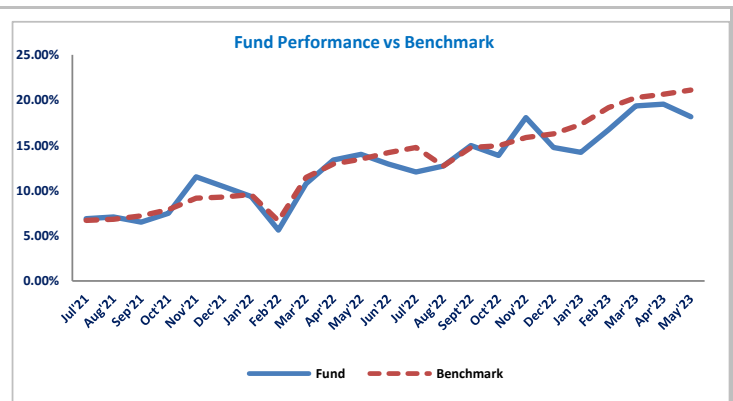
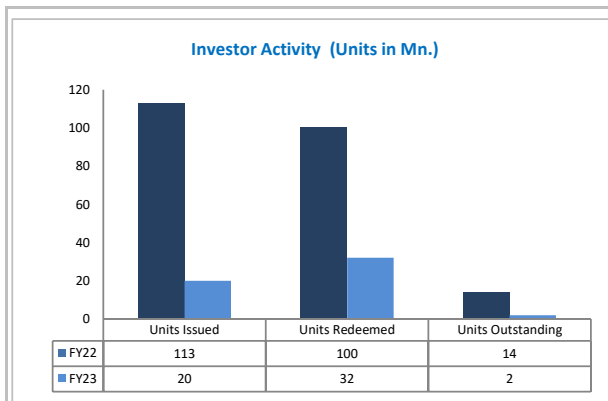
	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	114	1,383	168

Asset Allocation - Jun'23



Credit Quality - Jun'23





Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
Government Securities	42.65%	89.42%	0.00%	Cash	47.08%	32.91%
AAA	1.34%	14.51%	0.00%	T-bills	31.42%	43.72%
AA+	31.32%	98.33%	8.17%	Short-term Sukuk	11.81%	13.76%
AA	23.19%	71.45%	0.03%	Commercial Paper	8.60%	8.16%
AA-	0.00%	0.00%	0.00%	Others	1.09%	1.45%
A+	0.00%	0.00%	0.00%			
A	0.00%	0.00%	0.00%			
A-	0.00%	0.00%	0.00%			
BBB+	0.00%	0.00%	0.00%			
BBB	0.00%	0.00%	0.00%			
BBB-	0.00%	0.00%	0.00%			
NR*	1.50%	3.65%	0.33%			

* Non-rated includes receivables/accretals from securities having a credit rating of not less than AA

Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in year(s)	0.08	0.18	0.00	Total Return	9.92%	16.78%
Duration (In Days)	28	65	1	Benchmark Return	9.28%	17.01%
				Peer Average	10.61%	17.41%
				Peer Ranking	24/24	22/24

Fund Stability Analysis

The Faysal Cash Fund has been assigned Fund Stability Rating of AA+(f). The fund has demonstrated a high degree of stability in its Net Asset Value, indicating a low level of risk.

Asset Allocation:

The fund's size depicted a downward trajectory during FY23, closing at Rs. 168m (June'22: 1.4b) at end-June'23. The fund has violated the stipulations outlined in the offering document, which dictate that the level of investment in a single entity should be maintained at 10% of net assets, investment in a single sector at 25% of net assets, and investment in commercial paper at 20% of net assets. These breaches were observed in the months of Jul'22, Aug'22, and Sept'22. On the other hand, the fund stayed below its prescribed exposure limits for investment in cash and cash equivalents, which should have ranged from 10% to 100%, during both Jul'22 and Sept'22. However, based on monthly average of FY23, exposure remained compliant. In terms of asset allocation for FY23, the average composition consisted of approximately 32.9% in cash, 43.7% in T-bills, 13.8% in short-term Sukuk, and 8.2% in commercial paper.

Credit Quality:

In order to cater its mandate, the fund has remained within the required limit to invest in instruments that have a minimum credit quality rating of 'AA' or higher. However, the fund failed to meet the VIS rating benchmark for the assign rating of minimum exposure of 50% in AAA rated instruments wherein the AAA rated allocation of fund has decline to 44.0% during FY23 from 65.3% in FY22. While, in order to achieve higher returns, the fund has increased its allocation to AA+ and AA rated securities to 31.3% and 23.2% during FY23 (FY22 average: 16.1% and 17.5%), indicating deterioration of credit quality. Going forward, maintaining credit quality as per VIS credit risk criteria will remain important for rating.

Market and Liquidity Risk:

According to investment policy statement of fund, Weighted Average Maturity (WAM) is capped at 90 days. During FY23, the fund consistently adhered to the same, with the maximum duration recorded at 65 days. On monthly average basis, the duration came in at 23 days during FY23.

As of the end of June 2023, the fund's investment portfolio continued to be primarily held by retail investors, representing ~67% of the fund's net assets. The remaining investors consisted of associates and unrelated corporates. The concentration of the top 10 investors was reported at ~87%, which reflects a higher concentration risk compared to the previous fiscal year (FY22: 81%). Considering the fund's high exposure in liquid assets including 42.9% in cash and 56.4% in T-bills as at Jun'23 depicts its ability to meet redemption requests.

Fund Performance:

The fund generated an annualized YTD return of 16.78% underperforming its benchmark and peer average of 17.01% and 17.41% respectively. Relative to peers, the fund was placed in the fourth quartile.

Financial Snapshot

	FY22	FY23
BALANCE SHEET		
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT		
Total Income	90.3	68.2
Profit Before Tax	86.7	63.7
Profit After Tax	86.7	63.7
RATIO ANALYSIS		
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 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	26-Dec-22	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.		
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2023 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.		
Rating Methodology	https://docs.vis.com.pk/docs/FundstabilityRating.pdf		
Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

Lead Analyst	Analyst
M. Amin Hamdani amin.hamdani@vis.com.pk	Syed Ilyas Afridi ilyas.afridi@vis.com.pk

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.