

Date: January 8, 2018

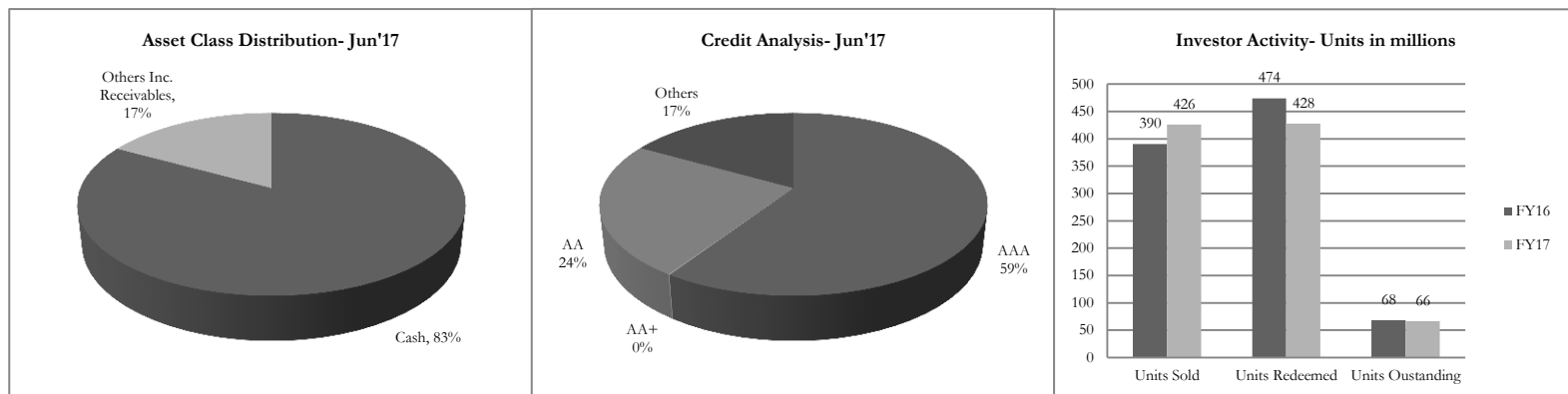
Analysts: Talha Iqbal
Asfia Aziz

Investment Objective

To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and debt securities.

Meezan Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f)	AA(f)
	<i>Dec 29, 2017</i>	<i>Dec 30, 2016</i>
AMC	Al Meezan Investment Management Ltd.	
External Auditors – Fund	KPMG Taseer Hadi & Co.	
Fund Managers	Zain Malik, CFA	
Shariah Advisor	Meezan Bank Limited	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil (0.1% if redemption within 3 days)	
Management Fee	1.0%	
Benchmark	Three months average deposit rates of three AA rated Islamic Banks or Islamic windows of Conventional banks	

MCF	FY16	FY17
Type of Scheme	Money Market	
Return (%)	4.6%	6.1%
Peer Average (%)	4.6%	5.0%
Benchmark (%)	4.5%	2.9%
Relative Ranking	2 out of 3	1 out of 3
Fund Size (in Rs. m)	3,432	3,350
Retail (%)	66%	53%
Associates (%)	4%	24%
Number of Investors	3,541	3,462
Top 10 Investors / AUMs	29%	34%
Fund Stability Rating	AA(f)	AA(f)
Management fee	1.00%	1.00%
WATM	23.8 days	1 day
Modified Duration (at end-June)	0.06 years	0 years
Asset Allocation (at end-June)		
<i>Corporate Sukuk</i>	-	-
<i>Government backed / issued Securities</i>	-	-
<i>Placements with Banks</i>	-	-
<i>Cash & Others Inc. Rec.</i>	100%	100%
Total non-performing Investments	-	-



Meezan Cash Fund (MCF) is a Shariah compliant, open-ended fund that aims to provide investors maximum return through investing in specified money market and debt securities. MCF offers maximum preservation of principal investment and high liquidity.

Table 1: Offering document (extract)

Description	Min rating	Min- Max Limits
Shariah compliant debt and money market securities (including those issued by government)	AA	0%-70%
Bank deposits in licensed Islamic banks & Islamic windows of conventional banks	AA	20%-100%
Any Shariah compliant structure: Musharika, Muarabah, Ijarah and others	AA	0%-50%
Subject to SECP's approval, Shariah compliant securities traded outside Pakistan	AA	0%-30% (Cap of \$15m)
Any other Shariah compliant investment approved by Shariah advisor and authorized by Commission	AA	0%-30%

The Investment Committee (IC) comprises Chief Executive Officer (CEO), Chief Investment Officer (CIO), Head of Research, Head of Risk Management and fund managers. Decision making is based on consensus.

Over FY17, MCF's net assets were reported at Rs. 3.35b (FY16: Rs. 3.43b) declining slightly on a timeline basis. The fund outperformed the benchmark and also improved its ranking amongst the peers primarily on account of

reversal of entire provisioning against Workers Welfare Fund (WWF).

Credit Risk

As per the offering document, MCF is allowed to invest in securities with a minimum credit quality rating of AA with which it complied with throughout the year.

Table 2: Asset Allocation

Asset Allocation	Jun'16	Jun'17	Average
Placements with Banks and DFIs	12%	0%	9%
Cash	79%	83%	84%
Commercial Paper	7%	0%	3%
Other including receivables	2%	17%	4%

During the year, the fund has remained primarily invested in cash and bank balances with remaining exposure comprising other receivables. As at end June'2017, 83% of total portfolio was held as cash and 17% comprised other receivables.

As per the required policy guidelines, the fund complied with minimum exposure of 25% in AAA rated investments.

Table 3: Credit Quality Summary- FY17

Credit Quality	Average	Maximum	Minimum
AAA	45%	62%	28%
AA+	9%	16%	0%
AA	42%	68%	24%

Weighted average time to maturity (WATM) and Duration of the fund has remained in line with policy guidelines and

JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

criteria for the assigned rating. Maximum duration during FY17 was reported at 26 days during Sep'2016 which is below the limit of 90 days as per policy.

Liquidity Profile

AUM profile altered during FY17 with retail share declining to 53% (FY16: 66%) and share of associates substantially rising to 24% (FY16: 4%). Investor concentration in the fund has increased on a timeline basis with top 10 investors representing 34% (FY16: 29%) of total AUMs. Given the fund's asset mix, ability to meet redemptions is considered strong.

During FY17, MCF outperformed benchmark's return and peer funds owing to provisioning reversal of Workers Welfare Fund. Subsequently, its rank improved to 1st out of 3 funds. JCR-VIS

Fund Performance

Table 4: Fund performance

	FY16	FY17
Return (%)	4.6%	6.1%
Benchmark (%)	4.5%	2.9%
Peer Average	4.6%	5.0%
Relative Ranking	2/3	1/3

Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/29/2017	AA(f)	Reaffirmed
Fund Stability	12/30/2016	AA(f)	Reaffirmed
Fund Stability	1/12/2016	AA(f)	Reaffirmed
Fund Stability	10/28/2014	AA(f)	Reaffirmed
Fund Stability	8/15/2013	AA(f)	Reaffirmed
Fund Stability	1/1/2013	AA(f)	Reaffirmed
Fund Stability	12/27/2011	AA(f)	Reaffirmed
Fund Stability	12/9/2010	AA(f)	Reaffirmed