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Investment Objective

To minimize risk, maximize liquidity and generate a competitive rate of return by investing in ‘AA’ rated banks and short duration sovereign securities.

BMA Empress Cash Fund (BECF)		
Rating Category	Latest	Previous
Fund Stability Rating	AA+(f)	AA+(f)
	Jan 2, '17	Sep 30, '15
Management Company	BMA Asset Management Company Limited	
Chief Executive	Khaldoon Bin Latif	
Fund Manager	Syed Qamar Abbas	
External Auditors – Fund	A.F. Ferguson & Co.	
Trustee	MCB Financial Services Limited	
Front-end Load	Up to 1% of NAV	
Back-end Load	-	
Management Fee	0.75% per annum	
Benchmark	Average of 3M deposit rate offered by AA rated banks	

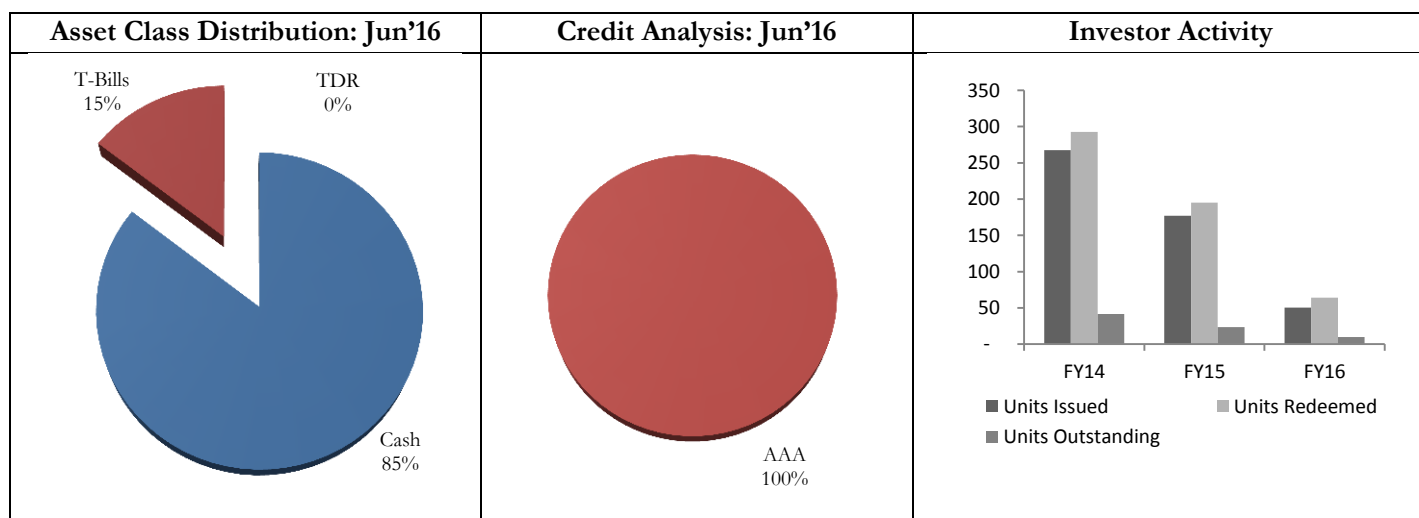


Table 1: Investment Policy

Investment policy	Ratings	Min-Max Exposure
Deposits with scheduled banks/ DFIs	AA	0%-70%
Government Securities	AAA	0%-100%
Reverse Repo against government securities	AA and above	0%-50%
Current & Savings Account	AA	0%-100%
Certificate of deposit, Certificate of Investment, Certificate of Musharaka	AA, AAA (in case of NBFC or Modaraba)	0%-20%
Commercial paper	AA	0%-10%
Foreign Investments (in authorized money market instruments and other money market mutual funds)	AA rated by a reputed International Rating Agency	Upto 30% with a maximum limit capped at US \$15m

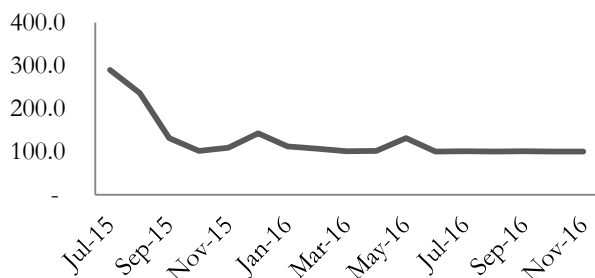
BMA Empress Cash Fund (BECF) was launched as an open-end money market scheme on November 12, 2009. The fund invests in low risk short term money market instruments while maintaining a high level of liquidity. Investment Committee (IC) comprises key personnel from top management along with representation from investment and risk management department. Net assets of the fund declined to Rs. 100.5m (FY15: Rs. 242.4m) by end-FY16.

The offering document lays down the broad investment policy, in line with the regulations applicable to money market funds, that is designed to ensure minimum exposure to various sources of risks. Accordingly, all issue/issuer exposures are subject minimum rating of

‘AA’. As per the investment policy, the management aims to hold a minimum of 50% of its assets in government securities. Moreover, placements and deposits in banks and DFIs are capped at 50%. The fund may also park up to 20% of its assets in certificates of investment, certificates of musharaka and commercial papers issued by NBFCs and DFIs. Minimum rating criteria for investment in any asset class, except placements with NBFCs, is ‘AA’; investments in NBFCs/modarabas require a minimum entity rating of ‘AAA’.

Net assets of the fund declined during the first four months of FY16. Subsequently, fund size largely remained stable.

Figure 1: Net Assets (Rs. m)



Designed to maintain a very low-level of risk, BECF is invested primarily in short-term government paper and bank deposits. The fund’s investment in T-bills averaged 58% (FY15: 51%) of total assets in FY16. Remaining exposure mainly comprised cash & bank balances with institutions rated in the ‘AA’ band and higher.

Table 2: Asset Allocation

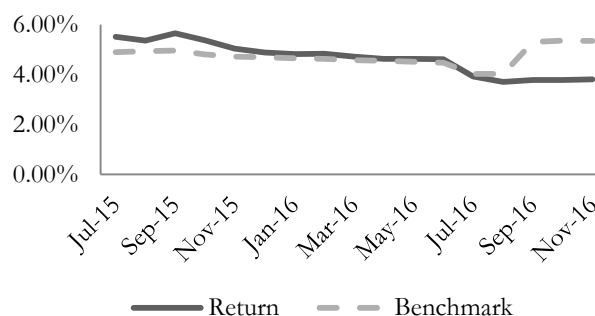
	Jun’16	Jun’15
Cash	85.5%	100.0%
Placements	0.00%	0.0%
T-Bills	14.5%	0.0%

Asset allocation showcased variation during FY16. At the beginning of the year, all funds were invested in cash. Subsequently, the fund reduced its cash and bank balances and started to build exposure in T-Bills. Given the nature of investments, credit and market risk on the portfolio is considered minimal.

Weighted average maturity (WAM) and duration of the fund has been capped at 60 days to protect the fund

against losses arising due to movements in the benchmark rate. From July 2015, onwards, sizeable redemptions resulted in a significant decline in net assets. Consequently, more than 50% of assets were represented by exposure in T-bills. This led to WAM and duration exceeding its 60-day ceiling at multiple instances. During FY16, highest WAM and duration at any month-end were reported as 86 days at end-March 2016.

Figure 2: Fund Performance



Benchmark of the fund is set as an average return of 3M deposit rates of ‘AA’ and above rated scheduled commercial banks. The fund’s return witnessed a declining trend in FY16; although outperforming the benchmark on a timeline basis. Relative ranking of the fund remained at a similar level compared to preceding fiscal year.

Table 3: Fund Performance

Performance	FY16	FY15
Total Return	4.6%	8.2%
Peer Group Return Ranking	22 out of 22	21 out of 22
Benchmark Return	4.5%	6.7%
Maximum Return in Peer Group	6.3%	10.5%
Peer Group Average	5.6%	8.7%

Unit-holding pattern features concentration. Total number of investors declined to 57 (FY15: 73) as at end-FY16. Given the small investor base, top 10 holding remained on the higher side at 89.5% (end-FY15: 83.5%), at end-FY16. Proportion of investment by retail investors declined to 20.5% (FY15: 21.5%) by end-FY16. Although concentration is high, there is sufficient cash in the allocation to meet redemption requirement

JCR-VIS

JCR-VIS Credit Rating Company Limited

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

Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	01/02/2017	AA+(f)	Reaffirmed
Fund Stability	09/30/2015	AA+(f)	Reaffirmed
Fund Stability	10/23/2014	AA+(f)	Reaffirmed
Fund Stability	6/20/2013	AA+(f)	Reaffirmed
Fund Stability	4/2/2012	AA+(f)	Harmonised
Fund Stability	7/11/2011	AA+(f)	Final