

Date: January 09, 2017

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Investment Objective

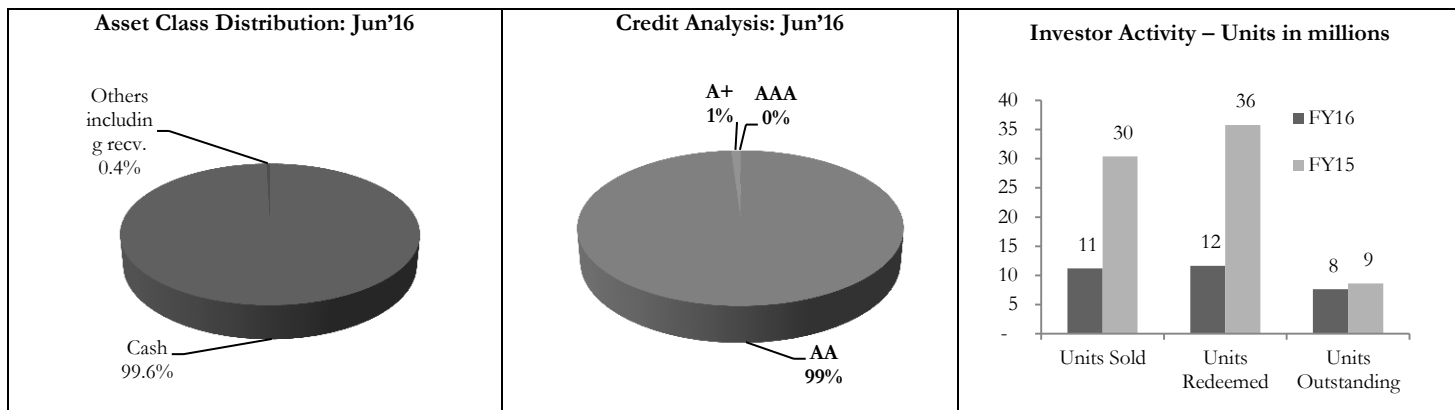
The objective of the fund is to provide a regular and reasonable rate of return and maintain high liquidity by investing primarily in low risk and short duration fixed income instruments.

JS Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA+	AA+(f)
	<i>December 30, 2016</i>	<i>December 31, 2015</i>
Management Company	JS Investments Limited	
External Auditor - Fund	M/s KPMG Taseer Hadi & Co. Chartered Accountants	
Chief Executive Officer	Dr. Ali Akhtar Ali	
Fund Manager	Mr. Asim Ilyas	
Trustee	MCB Financial Services Ltd.	
Front-end Load	1%	
Back-end Load	Nil	
Management Fee	0.5% p.a.	
Benchmark (changed in Oct'16)	70/30 composition of: - avg. 3-months PKRV rates - avg. 3m deposit return of comm. banks with at least AA	

JS-CF		
	FY16	FY15
Type of Scheme	Money Market	
Return (%)	5.7%	9.3%
Peer Average (%)	5.6%	9.7%
Benchmark (%)	5.7%	8.2%
Relative Ranking	9 out of 22	10 out of 19
Fund Size (in Rs. m)	782	825
Retail (%)	56%	22%
Associates (%)	14%	47%
Number of Investors	212	146
Top 10 Investors / AUMs	69%	78%
Fund Stability Rating	AA+ (f)	AA+ (f)
Management fee	0.50%	0.50%
Front-end Load	1.00%	1.00%
WATM*	1 day	17 days
Duration	1 day	17 days
Asset Allocation (at end June)		
	<i>T-Bills</i>	- 89.4%
	<i>Cash</i>	99.6% 10.6%
	<i>Others</i>	0.4% -

JCR-VIS Credit Rating Company Limited

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



JS Cash Fund (JS-CF) is an open-ended fund that aims to provide investors maximum low-risk return through investing in short duration instruments, while ensuring high liquidity.

Table 1: Offering document (extract)

Description	Min. Rating	Min- Max Limits	Min-Max Actual
Current and saving accounts with Banks & DFIs	AA	0%-100%	14%-100%
Government Securities	AA	0%-100%	0%-86%
Debt securities issued by government backed entities	AA	0%-50%	-
Any security declared as government security	AA	0%-50%	-
Deposits with scheduled commercial banks	AA	0%-80%	0%-7%
Clean placement of funds with Banks and DFIs	AA	0%-50%	-
Certificates of Deposit (CoD) issued by NBFCs & Certificate of Musharaka (CoM) issued by Modaraba	AA (instrument) AAA(entity)	0%-20%	-
Repurchase agreements with a maturity of < 1 year	AA (instrument) A (entity)	0%-50%	-
Commercial Paper	AA	0%-30%	-
Foreign investment in authorized investments	AA	0%-30% or < USD15m	-
Other authorized investment	AA	0%-20%	0%-0.5%

The Investment Committee (IC) comprises Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Investment Officer (CIO), Head of Research and fund manager. Decision making is done on consensus basis.

Net Assets of the fund declined to Rs. 782m (FY15: Rs. 825m) over FY16 and further to Rs. 538m as at end November 2016. This reduction was attributable to

redemptions largely emanating from retail and associate companies. Since returns offered by JS-CF are determined by bank deposit and discount rate; low interest rate scenario resulted in returns on lower side.

Asset Allocation

As per the governing documents, JS-CF can only invest in securities with a minimum credit quality rating of AA; however the fund invested in AA- rated issue/issuer for a month and a negligible amount (<1% of Net Assets) in A+ rated issue/issuer because of redemption.

Table 2: Asset Allocation

Assets	Jun'16	Jun'15	Average
Cash	100%	11%	62%
Banks & DFIs	-	-	1%
T Bills (Govt. sec)	-	89%	37%
Others	-	-	-
Total	100%	100%	

Over the course of FY16, the fund has shifted resources from T-Bills towards saving accounts in banks. As at end June 2016, almost entire portfolio was held as cash.

Credit & Market risk

Table 3: Credit Quality Summary- FY16

Credit Quality	Average	Minimum	Maximum
AAA	38%	0%	86%
AA+	16%	0%	90%
AA	41%	1%	99%
AA-	1%	0%	12%
A+	0%	0%	1%

Table 4: Risk Summary-FY16

	Limit	Average
Duration (days)	<60	30
WATM (days)	<60	30

Given the investment policy to invest in short duration instruments, actual duration is expected to remain under the defined limit of 90 days. In line with amended asset allocation comprising primarily of cash and cash equivalents, duration has declined to 1 day (FY16: 1 day; FY15: 17 days) as at end November 2016.

Liquidity Profile

The fund’s portfolio concentration was on the higher side and the same worsened because of redemptions, increasing to 84% (FY16: 69%; FY15: 78%) as at end November 2016. However, there is more than adequate liquidity in the portfolio to meet redemptions.

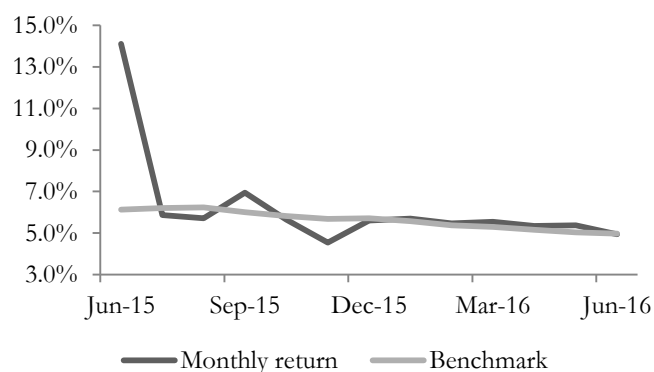
In accordance with investors’ movement, unit holding pattern altered; associates’ share reduced to negligible 1% (FY16: 14%; FY15: 47%) and unrelated corporates’ holdings increased to 77% (FY16: 30%; FY15: 31%). Retail investor’s proportion was maintained at 22% (FY16: 56%; FY15: 22%) as at end November 2016. Despite reduction in AUMs, number of investors was reported higher (Nov’ 16: 185; FY16: 212; FY15: 146).

Fund Performance

Table 5: Fund performance

	FY16	FY15
Return (%)	5.7%	9.3%
Benchmark (%)	5.7%	8.2%
Peer Average	5.5%	8.6%
Relative Ranking	9/22	4/21

Figure 1: Monthly fund return vs. benchmark



Considering annualised returns, JS-CF traced benchmark’s return; however the return fluctuated on monthly basis. Relative to peers, the fund reported almost same return as peer average and was ranked 9th out of 22 funds (FY15: 4th out of 21 funds) [JCR-VIS](#)

JCR-VIS Credit Rating Company Limited

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Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
RATING TYPE: Fund Stability				
30-Dec-16	AA+(f)	Stable		Reaffirmed
31-Dec-15	AA+(f)	Stable		Reaffirmed
11-Sep-14	AA+(f)	Stable		Reaffirmed
13-May-13	AA+(f)	Stable		Reaffirmed
30-Mar-12	AA+(f)	Stable		Reaffirmed
08-Oct-10	AA+(f)	Stable		Initial