

Date: January 20, 2017

Analysts: Jazib Ahmed, CFA
Momina Masood

Investment Objective

To provide competitive returns to investors through active investment in low risk portfolio of short duration while maintaining high liquidity. The fund aims to maximize returns through efficient utilization of investment and liquidity management tools.

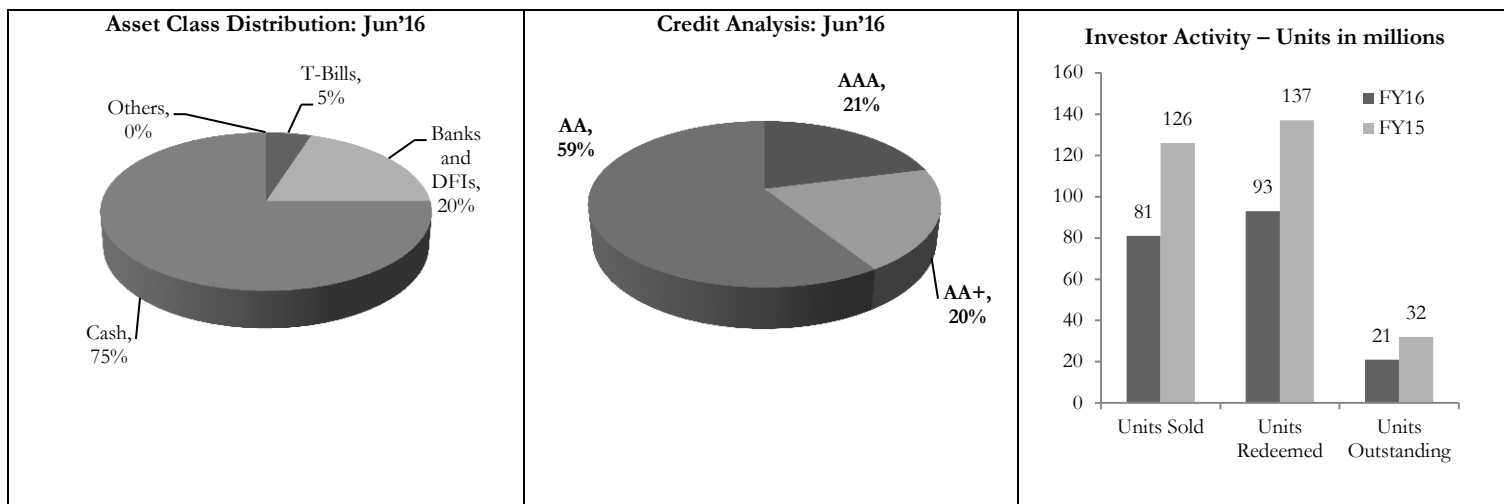
PICIC Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) <i>Jan 05, '17</i>	AA(f) <i>Dec 28, '15</i>
AMC	HBL Asset Management Limited	
External Auditors – Fund	Deloitte Yousuf Adil & Co.	
Fund Managers	Mr. Tauqir Shamshad	
Trustee	Central Depository Company	
Front-end Load	Class D: 1% of NAV	
Back-end Load	-	
Management Fee	0.5% per annum	
Benchmark	70% 3 month PKRV & 30% 3 month deposit rate	

PICIC CF		
	FY16	FY15
Type of Scheme	Money Market	
Return (%)	6.1%	10.5%
Benchmark (%)	4.7%	6.8%
Peer Average (%)	5.5%	8.6%
Relative Ranking	2 out of 22	1 out of 21
Fund Size (in Rs. m)	2104	3249
Retail (%)	10%	18%
Associates (%)	33%	46%
Number of Investors	192	245
Top 10 Investors / AUMs	88%	74%
WATM (Weighted Average Time to Maturity)	24 days	83 days
Duration	24 days	83 days
Asset Allocation (at end June)		
T-Bills	5%	55%
PIBs	-	-
TFCs/Sukuk	-	-
Certificate of Investments	-	-
Cash	75%	13%
Banks & DFIs	20%	31%
MTS	-	-
Others (including receivables)	0%	1%

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PICIC Cash Fund (PICIC CF) is an open-ended money market fund designed to offer competitive returns to investors through deploying resources in primarily government securities and cash & cash equivalents.

Subject to approval, investment in foreign money market Income Securities and any other instruments issued, listed and traded outside Pakistan	0-30% (cap of \$15m)	-	AA
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Table 1: Approved Investment Avenues-Offering document (extract)

Description	Min-Max limits	Min-Max Actual	Min. Rating
Cash in Bank Accounts	0%-100%	1%-75%	AA
Treasury Bills, Pakistan Investment Bonds and other Government Securities	0%-100%	5%-99%	-
Placements with Bank and DFI including Certificates of Deposit and TDR	0%-80%	0%-51%	AA
Commercial Paper	0%-10%	-	AA
Money Market placements, under LOP etc with Banks and DFIs.	0%-80%	-	AA
Placement of Funds with NBFCs and Modaraba under letter of placement(LOP), Certificates of Deposits/Investment (COD/I) and Certificate of Musharika (COM)	0%-25%	-	AAA
Reverse Repo transactions against Government Securities or such securities allowed under the Regulations from time to time with Banks and DFIs	0%-50%	-	AA
Reverse Repo transactions against Government Securities or such securities allowed under the Regulations from time to time with NBFCs and Modaraba	0%-50%	-	AAA

The Investment Committee (IC) comprises Chief Executive Officer, Head of Research, Chief Investment Officer, Manager Risk, Head of Fixed Income and fund managers. Investment decisions are consensus based.

Net Assets of the fund declined to Rs. 2.1b (FY15: Rs. 3.2b); the reduction emanated from retail investors and associates. Therefore, asset allocation changed accordingly; as at end June'16, retail investors' and associates' relative share was reported lower at 10% (FY15: 18%) and 33% (FY15: 46%) respectively.

Asset Allocation

Table 2: Asset Allocation

Assets	Jun'16	Jun'15	Average
T-Bills	5%	55%	59%
Banks and DFIs	20%	31%	18%
Cash	75%	13%	17%
PIBs	0%	0%	6%
Others	0%	1%	0%
Total	100%	100%	

Over FY16, asset allocation of the fund was tilted towards saving accounts in lieu of T-Bills. As at end June'16, T-bills constituted lower 5% (FY15: 55%) and saving account deposits accounted for higher 75% (FY15: 13%) of net assets.

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Credit & Market risk

Table 3: Credit Quality Summary- FY16

Credit Quality	Average	Maximum	Minimum
AAA	66%	99%	21%
AA+	18%	56%	0%
AA	16%	59%	1%
Unrated	1%	1%	0%

In line with specified limits in Investment Policy Statement (IPS), the fund maintained its resources in high-rated issue/issuer. The fund complied with minimum AA credit rating requirement and majority of assets were parked in AAA rated issue/issuer.

Table 4: Risk Summary-FY16

	Average	Maximum	Minimum
WATM (days)	65	83	24
Duration (days)	65	83	24

Liquidity Profile

Since the fund's resources were deployed in liquid investment avenues, it warrants fund's ability to meet redemptions timely. Furthermore, Weighted Average Time to Maturity (WATM) is capped at 90 days; the fund complied with this requirement over FY16. Given the conservative asset allocation, WATM is expected to stay within the prescribed limits.

Fund Performance

Figure 1: Monthly return Vs. Benchmark

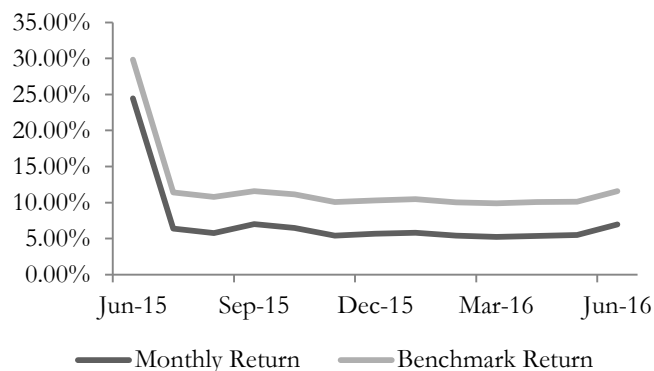


Table 5: Fund performance

	FY16	FY15
Return (%)	6.1%	10.5%
Benchmark (%)	4.7%	6.8%
Peer Average	5.5%	8.6%
Relative Ranking	2/22	1/21

Over FY16, PICIC CF generated a return of 6.1% (FY15: 10.5%) which was higher than the benchmark and peer average return. Furthermore, relative to peers, the fund maintained its position in first quartile, ranking 2nd out of 22 funds (FY15: 1st out of 21 funds). However, returns remained on the lower side owing to low interest environment [JCR-VIS]

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Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
RATING TYPE: Fund Stability Management Quality				
05-Jan-17	AA(f)	-	-	Reaffirmed
28-Dec-15	AA(f)	-	-	Reaffirmed
22-Dec-14	AA(f)	-	-	Reaffirmed
30-Dec-13	AA(f)	-	-	Downgrade
17-May-12	AA+(f)	-	-	Harmonized
07-Dec-10	AA+(f)	-	-	Preliminary