

Date: January 07, 2016

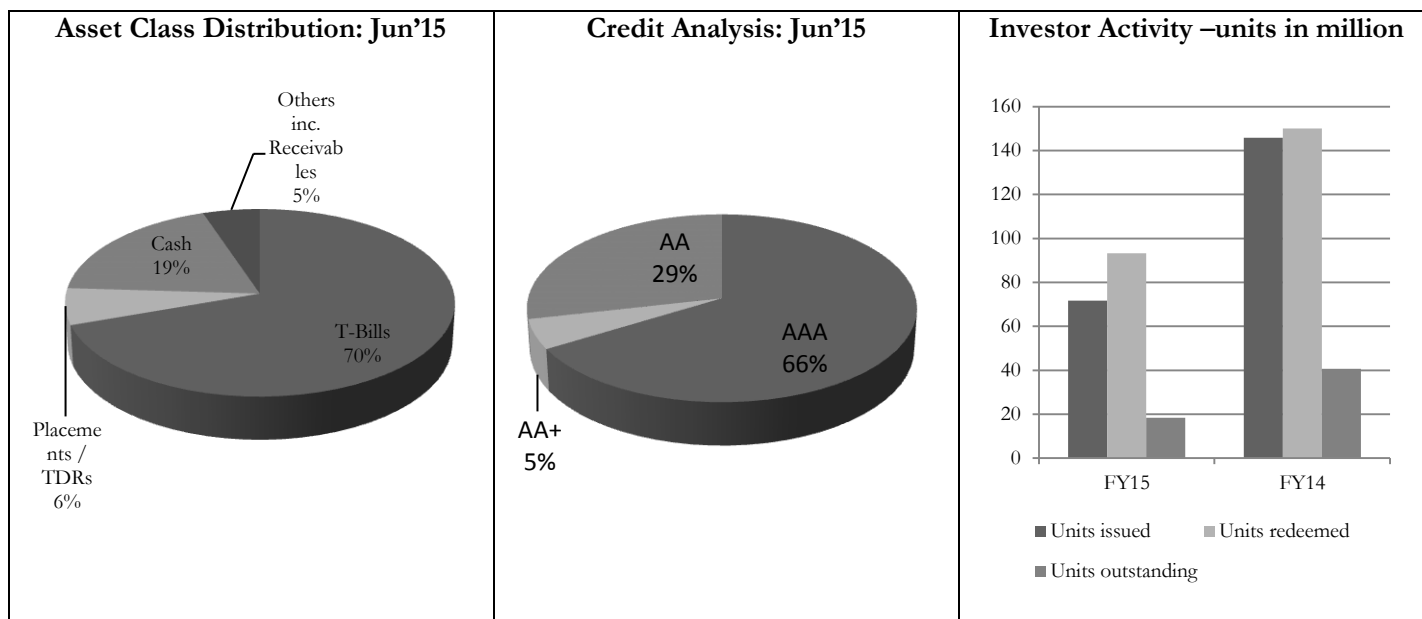
Analyst: Jazib Ahmed, CFA  
Moiz Badshah

### Investment Objective

To provide investors with high levels of liquidity while maintaining low credit risk and price volatility.

Askari Sovereign Cash Fund	
Rating Category	Initial
Fund Stability Rating	AA+(f) Dec 31, 2015
Asset Management Company	Askari Investment Management Limited (AIML)
Shariah Advisor	Dr. Tahir Mansoori
External Auditor - Fund	KPMG Taseer Hadi & Co.
Chief Executive	Mr. Saqib Mukhtar
Fund Manager	Mr. Mustafa Kamal
Trustee	Central Depository Company
Front-end Load	Nil
Back-end Load	Nil
Management Fee	1.0%
Benchmark	70% 3-month T-Bills + 30% average 3-month deposit rate of at least 3 banks (AA and above)

In Rs. m	ASCF		
	FY15	FY14	
Type of Scheme	Money Market		
Return (%) (Gross returns)	10.02%	9.23%	
Benchmark (%)	8.35%	8.88%	
Relative Ranking	5 out of 22	15 out of 21	
Fund Size (in Rs. m)	1,848	4,093	
Retail (%)	8.5%	6.7%	
Associates (%)	7.0%	23.2%	
Number of Investors	282	380	
Top 10 Investors / AUMs	81.8%	66.6%	
WATM (Weighted Average Time to Maturity)	0.079 years		
Duration (years)	0.07	0.09	
Asset Allocation (average for the year)			
	<b>T-Bills</b>	76.5%	85.1%
	<b>Placements / TDRs</b>	13.5%	5.6%
	<b>Cash</b>	9.1%	8.0%
	<b>Others</b>	1.0%	1.3%



The Askari Sovereign Cash Fund (ASCF) aims to ensure liquidity levels of investors by placing funds in debt income instruments. Returns of the fund are linked to the Pakistan discount rate and subsequent bank deposit rate. To ensure sound credit quality of the portfolio, all assets held by the fund need to be rated AA or above.

As per the Offering Document (OD), main investment criteria are as shown below:

- Minimum 70% investment in debt securities issued by the federal / provincial government or a wholly owned / controlled subsidiary of aforementioned government with a minimum entity rating of AAA.
- Maximum 30% deposit in scheduled banks with a minimum AA rating.
- An assets time to maturity shall not exceed 6 months and;
- Weighted average time to maturity (WATM) of net assets in the fund shall not exceed 90 days.

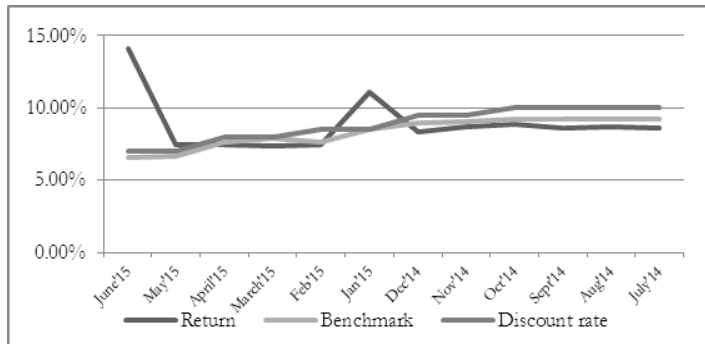
Fund size of ASCF decreased significantly during FY15 on account of redemptions, primarily from associate investors. AUMs amounted to Rs. 1.8b at end-FY15

(FY14: Rs. 4.1b). A decreasing discount rate scenario has reduced the potential upside of the fund. Nonetheless, institutional investors maintain significant holding in the fund based on high liquidity and higher returns as compared to a bank account.

Investments by the fund are restricted with minimum holding of 70% net assets in T-Bills. (The fund does not invest in PIBs {Pakistan Investment Bonds} due to WATM restrictions). ASCF maintained 76.5% average holdings in the same during FY15, though breaching this limit sporadically during the year due to unfavourable price movements. Due to WATM restrictions, potential returns from T-Bills are limited as the fund acquires the security nearer to maturity than it would prefer. As such, asset allocation has maintained WATM at a low 0.079 years (28.84 days).

## JCR-VIS Credit Rating Company Limited

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



Returns of the fund improved during FY15 as compared to the benchmark and peer performance. Based on gross returns (adjusted for FED and management fee costs), ASCF posted 10.02% for FY15 (FY14: 9.23%) and improvement in peer ranking to 5 out of 22 (FY14: 15 out of 21). Returns in the fund will be range bound to movement in the discount rate and duration of placements in banks.

Total number of investors in the fund decreased to 282 at end-FY15 (FY14: 380) due to reduction in both retail and institutional investors. However the latter still comprise majority holding in the fund (84.5%). This has significantly changed Top 10 investor concentration which was valued at 81.8% at end-FY15 (FY14: 66.6%)

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### Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/31/2015	AA+ (f)	Initial