

Date: January 13, 2017

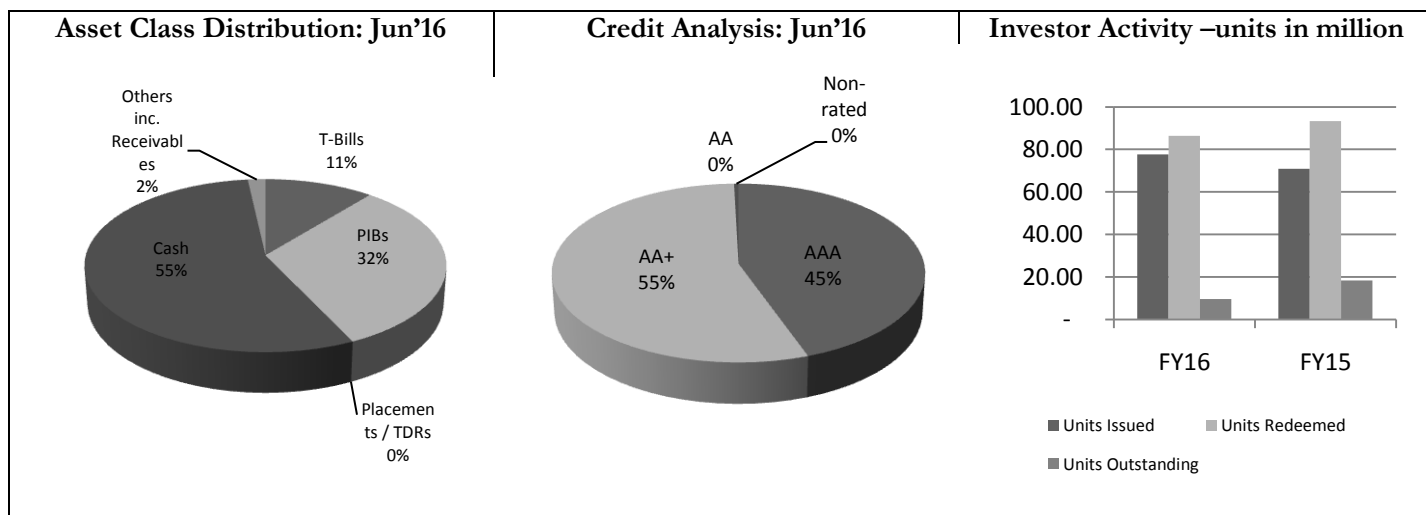
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Investment Objective

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

Askari Sovereign Cash Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA+(f)	AA+(f)
	Dec 30, 2016	Dec 31, 2015
Asset Management Company	Askari Investment Management Limited (AIML)	
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	0.75%	
Benchmark	70% 3-month T-Bills + 30% average 3-month deposit rate of at least 3 banks (AA and above)	

In Rs. m	ASCF		
	FY16	FY15	
Type of Scheme	Money Market		
Return (%) (Gross returns)	5.56%	8.86%	
Benchmark (%)	5.87%	8.35%	
Relative Ranking	12 out of 22	6 out of 21	
Fund Size (in Rs. m)	964	1,848	
Retail (%)	34.9%	8.5%	
Associates (%)	36.4%	7.0%	
Number of Investors	300	282	
Top 10 Investors / AUMs	63.6%	81.8%	
WATM (Weighted Average Time to Maturity) (days)	12	29	
Duration (years)	0.03	0.07	
Asset Allocation (average for the year)			
	T-Bills	68.9%	76.5%
	PIBs	11.1%	0.0%
	Placements / TDRs	4.7%	13.5%
	Cash	14.6%	9.1%
	Others	0.6%	1.0%



The objective of Askari Sovereign Cash Fund (ASCF) is to provide investors with money market instruments with high levels of liquidity. The fund is managed by Askari Investment Limited (AIML), which has a management quality rating of AM3+, signifying good management quality.

According to the constitutive document, investment avenues of the fund include debt securities issued by the federal/provincial government or a wholly owned/controlled subsidiary of aforementioned government with a minimum entity rating of AAA, deposits in scheduled banks with a minimum AA rating, reverse repo transactions with treasury bills with maturity of less than 6 months and any other investment approved by regulatory authorities. The following depicts the assets allocation limits as per the constitutive documents:

Figure 1: Asset Allocation criteria

	Minimum Rating	Minimum exposure	Maximum exposure
Debt securities (issued by government or controlled subsidiaries of government)	AAA	70%	100%
Term Deposits	AA	0%	50%
Reverse Repo against T-bills	AA	0%	30%
Current and saving accounts	AA	0%	50%
Foreign authorized investments	AA	0%	30%
Other authorized investments	AA	0%	30%

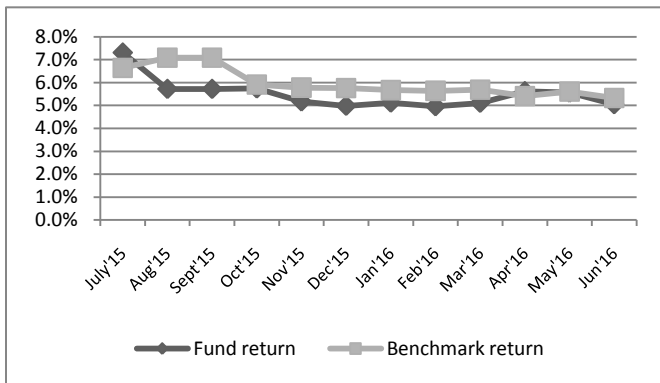
Size of the fund declined in FY16 as the total fund size amounted to Rs. 963.9m (FY15: Rs. 1,848m) at end-FY16. The fund size stood at Rs. 1.03b at end-November 2016.

According to the specified limits, majority of the funds of ASCF were deployed in government securities, primarily T-bills throughout FY16. Average proportion of assets deployed in short term government paper amounted to 68.9%, during FY16.

Weighted Average Maturity (WAM) of the fund is capped at 90 days, while single asset maturity can extend up to 6 months. At end-FY16, WAM of the fund was 12 days. WAM fund remained below the maximum stipulated limit throughout FY16.

The fund is benchmarked against a combination of return posted by T-bills (70%) and 3-month average deposit rates of at least 3 AA-rated banks. The fund underperformed the benchmark in FY16, posting a return of 5.56% vis-à-vis the benchmark return of 5.87%. Considerable variation was evident in terms of monthly performance of the fund in comparison to the benchmark during FY15.

Figure 2: Fund Return vs benchmark returns



The concentration of top-10 investors improved on yearly basis, as the top-10 investors accounted for 63.6% (FY15: 81.8%) of the total AUMs at end-FY16. The decrease in top-10 investor concentration can be linked to the increase observed in the proportion of retail holding which amounted to 34.9% (FY15: 8.5%) at end-FY16

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Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/30/2016	AA+ (f)	Reaffirmed
Fund Stability	12/31/2015	AA+ (f)	Initial