

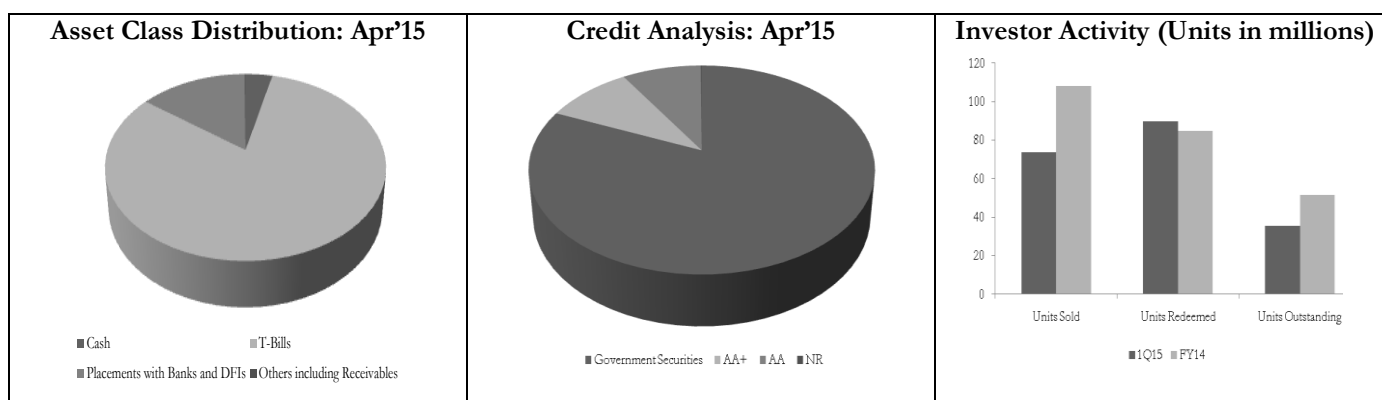
Date: June 29, 2015

Analysts: Maimoon Rasheed
Muniba Khan

Investment Objective

To provide stable and competitive returns in line with the money markets exhibiting low volatility consistent with capital preservation by constructing a liquid portfolio of low risk short term investments yielding competitive returns.

Faysal Money Market Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA(f) Jun 29, 2015	AA+ (f) Aug 02, 2013
AMC	Faysal Asset Management Limited	
Chief Executive	Mr. Enamullah Khan	
External Auditors	Ernst & Young Ford Rhodes Sidat Hyder	
Fund Manager	Mr. Syed Shahid Iqbal	
Trustee	Central Depository Company	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	0.8%	
Benchmark	50% 3m T-Bills and 50% average 3m deposit rate of AA rated and above banks	



Launched on December 13, 2010, Faysal Money Market Fund (FMMF) is an open-end money market fund managed by Faysal Asset Management Limited (FAML). Net assets of the fund almost doubled from Rs. 2.9b at end-June 2013 to Rs. 5.2b at end-June 2014. Size of the fund depicted variation during the period ending April 2015. Net assets of the fund had declined to Rs. 3.9b by end-April 2015.

The investment committee (IC) comprises Mr. Enamullah Khan (CEO), Mr. Najm-ul-Hassan (COO), Mr. Ayub Khuhro (Head of Research), Mr. Vasseh Ahmed (CIO), Mr. Muhammad Faraz Khan (Manager Risk) and respective fund managers. The committee also includes Mr. Ravi Kumar Mandhan (Head of Compliance and Internal Audit) as a non-voting member. IC meets on a fortnightly basis to review the market dynamics. All decisions are pre-approved by the IC unanimously. For day-to-day investment decisions, IC members make decisions through emails.

Within the broad array of money market instruments that the fund may be invested in, as allowed under the Offering Document, the operational investment policy has been drawn to restrict the fund's exposure to credit risk. Pre-defined exposure limits are in place for each investment avenue. Since the time of last review, there has been no change in the operational investment policy. Permissible asset classes and exposure limits, along with target allocation of the fund are as follows:

Table 1: Investment Policy

Description	Minimum Entity/Instrument Rating	Min-Maximum Exposure
Cash and near cash instrument	AA	0-100%
Deposits with Banks and Financial Institutions of maximum six (6) months maturity	AA	0-100%

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Certificates of investment, musharakas, modaraba and deposit issued by Financial Institutions of maximum six (6) months maturity*	AA	0-75%
Money market placements with Banks and Financial Institutions including clean placements of up to (6) months maturity	AA	0-75%
Government Securities: Treasury Bills and other short term Government Securities up to six (6) month maturity	AAA	50%-100%
Reverse Repo against Govt. Securities or such securities in accordance with the Regulations as may be allowed from time to time.	AA in case of Bank/DFI and AAA in case of NBFC and Modaraba	0-50%
Commercial papers up to six (6) month maturity	AA	0-50%
Money market instruments issued, listed and traded outside Pakistan subject to regulatory approvals from the Commission and the State Bank of Pakistan	AA	0%-30% as allowed by SECP / SBP subject to cap of US\$ 15 million
Any other securities or instruments that may be permitted by the Commission	N/A	0%-70%

*counterparty rating; AA in case of Banks/DFIs and AAA in case of NBFCs/Modaraba

Actual portfolio mix has also experienced variation over the year. While average exposure to government paper was recorded at 38% in FY14, its level varied from almost three-fourths of assets to no exposure, at month-ends. According to the investment policy, the fund must have a minimum exposure of 50% in T-bills. Barring two months, asset allocation in government paper was not in line with the stipulated investment policy, from October 2013 to January 2015. Exposure in placements with banks averaged about 30% of assets, with exposure rising to 95% by end-FY14. Remaining assets were parked as cash, commercial paper etc. Barring government paper, all other exposures were in line with the investment policy. Asset allocation of the fund is presented hereunder:

Table 2: Asset Allocation of Fund

	Apr-15	Average FY14	Jun-14	Jun-13
Cash	3.7%	10.4%	3.2%	6.7%
T-Bills	81.5%	38.1%	0.0%	51.3%

Placements with Banks and DFIs	14.7%	29.8%	94.8%	36.3%
Commercial Paper	0.0%	1.7%	0.9%	5.2%
Others including Receivables	0.1%	10.6%	1.1%	0.6%

To minimize losses in case of any adverse movement in discount rate, the fund's weighted average maturity (WAM) has been capped at 60 days. Moreover, the fund may only invest in instruments having maximum maturity of 6 months. Duration of the fund is also fixed at 60 days. Barring the quarter ended September 2014, WAM of FMMF exceeded the approved limit of 60 days during 7 subsequent months; it was highest at 81 days in the month of March 2015.

Benchmark of the fund is equal weighted average of 3 months deposit rate of 'AA' & above rated commercial banks and 3 months T-bill rate. The fund's returns depicted an increasing trend during 9M15. Overall return posted by the fund compared favorably to peers average. A brief overview of the fund's performance is given below:

Figure 1: Fund's Performance

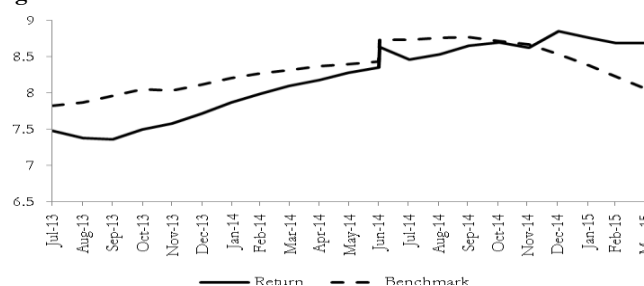


Table 3: Performance of FMMF

	9M15	FY14	FY13
Return	8.69	8.35	9.06
Benchmark*	8.23	8.44	8.33
Peer Max.	9.27	8.92	9.58
Peer Avg.	8.6	8.21	9.13

*50% 3M deposit rate of AA rated or above banks and 50% 3M T-bill rate

Total number of investors in the fund declined to 350 (FY14: 393, FY13: 446) by end-March 2015; proportion of units held by retail investors ranged between 5-6%. While unit-holder profile features significant concentration, with top 10 investors holding 73% of

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outstanding units, the fund is expected to meet redemptions in a timely manner given the liquidity profile of its asset mix JCR-VIS