



Rating Action

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PACRA Upgrades Stability Rating of Alfalah GHP Cash Fund

The Pakistan Credit Rating Agency (PACRA) has upgraded the stability rating of Alfalah GHP Cash Fund (AGCF), an open-end money market fund, to 'AA+ (f)' (Double A plus; fund rating) [previous rating; 'AA(f)' (Double A; fund rating)]. The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

The investment objective of Alfalah GHP Cash Fund (AGCF) is to generate at competitive returns while preserving capital by investing in assets with low risk and high degree of liquidity from a portfolio constituted of mostly money market securities and placements.

The rating reflects the positive change in the investment strategy to reduce the duration of the fund. During the year, the fund's exposure reflected strong credit profile emanating from its investment policy to invest in high credit quality instruments with portfolio duration not exceeding 60 days. On monthly average basis, fund maintained sizeable exposure in government securities (Nov'16: 97%). The duration remained less than 60 days in the past 6 months. The fund remains prone towards redemption risk as top 10 investors represents 97% of the fund size.

Going forward, the rating remains dependent on maintaining exposure with high credit quality financial institutions with portfolio duration less than 60 days. Meanwhile, the remaining assets of the fund must be placed with scheduled banks having very strong credit quality. PACRA would monitor compliance against agreed parameters on monthly average basis.

About the Management Company:

Commencing operations in Mar 05, Alfalah GHP Investment Management Limited (AGIML) is 82% owned by Abu Dhabi Group, including 40% through Bank Alfalah Limited (BAFL). Meanwhile, GHP Beteiligungen owns 14% stake. BAFL is the sixth largest commercial bank of the country with a branch network of over 500 branches. AGIML is currently managing eleven open-end funds and two fund of funds scheme with cumulative assets under management of ~PKR 34bln at end-Nov16.

The CEO of AGIML, Ms. Maheen Rahman, has over a decade of rich local and international experience in the financial services. The fund manager, Mr. Kashif Qasim, has adequate experience in domestic mutual fund industry.

Applicable Criteria and Related Research

- Mutual Funds | Oct-16
- Fund Stability Rating Methodology

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