



Rating Action

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PACRA Maintains Stability Rating of Alfalah GHP Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Alfalah GHP Income Fund, an open-end income fund, at 'A+'(f) (Single A Plus ; fund rating). The fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

The investment mandate of the fund is to earn competitive returns for its unit holders by constructing a low risk and liquid portfolio.

The rating reflects strong credit quality of the portfolio. The portfolio depicts diversification across asset classes. Fund took 35% exposure as cash with banks and 11% of the fund's net assets were placed with banks. The majority of exposure was with banks rated 'AA+'. The remaining assets of the fund were exposed with T-Bills (3%), TFCs (34%) having credit rating of 'A+' and above, while 15% of the net assets were exposed to MTS transactions, which due to its self liquidating nature possess less risk over short tenure. The fund is exposed to redemption pressure as unit holding pattern of the fund is highly concentrated with the top10 investors representing 89% of the fund's assets.

Going forward, the fund intends to stay skewed towards debt instruments - rated 'A+'and above. The remaining net assets of the fund would be placed with good quality banks. Material changes in the fund's asset allocation strategy, which could negatively impact the fund's credit quality and exposure to interest rate risk, remain critical for the rating.

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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