



## Rating Action

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## PACRA Maintains Stability Rating of Alfalah GHP Islamic Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Alfalah GHP Islamic Income Fund, an open-end Shariah compliant 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 objective of the fund is to provide investors with reasonable rate of return along with long term capital appreciation by investing in a diversified portfolio of Shariah compliant investment instruments.

The rating reflects fund's strong credit quality and strong liquidity profile emanating from its 68% exposure as cash and 9% placements with banks with majority of exposure with 'AAA' (22%) and 'A+' (54%) rated banks. The remaining assets of the fund were invested in good quality corporate sukuks having rating of 'AA-' and above at end-sept 16. Meanwhile, the rating incorporates the fund's low exposure to interest rate volatility. The unit holding pattern of the fund is highly concentrated with top10 investors representing 97% of the fund, which represents redemption risk.

Going forward, the management intends to maintain the current investment strategy. 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 Arbitrium Holdings Limited (GHP) 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 28bln at end-Sep16.

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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