



Rating Action

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PACRA Maintains Stability Rating of Alfalah GHP Income Multiplier Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Alfalah GHP Income Multiplier Fund (AGIMF), an open-end Islamic aggressive 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 objective of the fund is to generate competitive returns while ensuring capital preservation by constructing a portfolio of high quality debt securities and liquid money market instruments and placements.

The rating reflects strong credit quality and sound liquidity profile. At end-sept16, fund's exposure with government securities was 6%, whereas exposure as cash and bank placements were 24% and 17% respectively with banks rated 'AA' and above. The exposure with TFCs and sukuks were 30% with the minimum rating of 'A+' & above. The other major avenue is margin trading system (end-Sep'16: 18%) which, due to self liquidating nature, possesses less risk over short tenure. Fund carries redemption risk as the unit holding pattern of the fund is concentrated, with the top 10 investors representing 80% of the net assets.

Going forward, the rating remains dependent on maintaining majority of its net assets in government securities and maximum exposure of 20% in debt instruments having good credit quality. The investments in bank placement would also not be lower than 'A+' rated institutions.

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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