



Rating Action

Lahore : 30-Dec-2016

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PACRA Upgrades Stability Rating of Alfalah GHP Money Market Fund

The Pakistan Credit Rating Agency (PACRA) has upgraded the stability rating of Alfalah GHP Money Market Fund (AGMMF), 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 mandate of the fund is to generate competitive returns consistent with low risk from major allocation towards high rated bank placements and debt instruments.

The rating reflects the change in fund's investment philosophy of maintaining minimum 50% exposure in Government securities and AAA rated avenues. At the same time, AGMMF intends to have duration not exceeding 60 days. Fund possesses strong credit quality and sound liquidity profile. At end-Sept16, fund's whole exposure was with banks as cash and bank placements with banks rated 'AA+' (98%) and 'AA' (2%). On monthly average basis, fund's exposure in Government securities remained above 50% in last 6 months and duration remained below 60 days. The unit holding pattern of the fund shows high redemption risk as 84% of the fund's assets were invested with top 10 investors.

Going forward, the rating remains dependent on maintaining the portfolio allocations towards the current stated level with strong credit quality. Any material deviation from the new investment philosophy will negatively impact the stability rating of the fund. 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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