



Rating Action

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PACRA Maintains Stability Rating of Alfalah GHP Sovereign Fund

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

The objective of the fund is to deliver optimal risk adjusted returns by investing mainly in a mix of short to long term government securities.

The rating reflects the fund's strong credit profile emanating from its investment policy to invest at least 70% of the net assets in Government Securities transactions based on quarterly average investment. At end-Sept16, fund's exposure in T-Bills was 59% whereas in PIBs exposure was 3%. The remaining assets were invested with banks as banking deposits (4%) and cash balance (32%) with banks having 'AA+' rating. On monthly average basis, fund maintained 70% exposure in Government securities in the last 2 quarters. Fund also maintained its duration of less than 2 years in the last 4 quarters. The unit holding pattern of the fund represents redemption risk as top 10 investors concentration was 60%.

Going forward, the rating remains dependent on maintaining at least 70% allocation towards government securities on monthly average basis with portfolio duration not exceeding 2 years. 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 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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