



Rating Action

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PACRA Maintains Stability Rating of Atlas Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Atlas Income Fund (AIF), 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 earn competitive rate of return while ensuring capital preservation by constructing a liquid portfolio of investments in debt securities, money market instruments, and placements with scheduled banks.

The rating reflects the fund's low exposure to interest rate volatility, strong credit profile, and diversification across assets. At end-sept16, fund's exposure with Government securities was 27% (T-Bills, 4% ; PIBs, 23%), while 40% exposure was as cash with banks rated 'AA+' (38%) and 'AA' (2%). Exposure with good quality TFCs was 15% with rating of 'AAA' and 'AA-'. The remaining assets of the fund were exposed with MTS transactions (i.e. 16%), which due to its self liquidating nature possess less risk over short term. The unit holding pattern of the fund shows redemption pressure over the fund as top10 investors represents 89% of fund assets.

Going forward, the fund intends to keep 44% of its net assets invested in government securities. Meanwhile, exposure in debt instruments would be 20% of fund's net assets with the rating of 'AA-' & above. 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:

Atlas Asset Management Limited (AAML), incorporated in August 2002, is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited - the holding company of Atlas Group. Atlas Group, established in 1962, is one of the well-known business groups of the country with presence in manufacturing, financial, and trading sectors. AAML is the management company for AIF and is rated 'AM2' by PACRA. The company is presently managing seven open end funds and two pension schemes with the assets under management aggregating PKR 22.8bln at end-Sep16.

The CEO, Mr. Habib-ur-Rehman, an FCA from ICAEW, is veteran of the asset management industry. The Fund Manager, Muhammad Umar Khan, has done his Masters in Finance from University of Liverpool (UK).

Applicable Criteria and Related Research

- Mutual Funds | Oct-16
- Fund Stability Rating Methodology

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