



Rating Action

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Applicable Criteria and Related Research

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

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PACRA Maintains Stability Rating of AKD Aggressive Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained stability rating at "**BBB+(f)**" (Triple B Plus ; fund rating) of AKD Aggressive Income Fund (AKDAIF), an open-end aggressive fixed income fund. The fund's rating denotes an adequate capacity to manage relative stability in returns and high exposure to risks.

Fund's objective is to invest in a diversified portfolio of fixed income securities/instruments that provide consistent returns with long term capital preservation. At end-Sep 16, fund has 8% exposure in Government securities while cash exposure is 15.5% with majority of exposure in A+ rated bank and 29% of the fund's assets are placed with banks. The fund's exposure towards TFCs/ sukuk represents 12% with TFC of the bank rated 'A-' and sukuks with rating 'AA-' and 'A+'. Fund has also invested its assets in MTS (0.15%) and spread transactions (10.4%). The unit holding pattern of the fund is highly concentrated with top 10 investors (i.e. 90%) exposing fund to redemption pressure at end-Jun16. The fund's current asset mix highlights low credit risk profile. The assigned rating takes into account the fund's overall risk appetite which exposes fund towards high risk.

Going forward, fund intends to maintain its exposure with the same investment avenues. The fund will invest in debt instruments with rating not less than BBB+. 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:

AKD Investment Management Limited (AKDIML), after acquisition of rights to manage Golden Arrow Selected Stocks Fund (GASSF), commenced operations in Sep-04. AKDIML is sponsored by Aqeel Karim Dhedhi Securities (Pvt) Limited (AKDSPL). AKDSPL owns 99.97% shares of AKDIML. The remaining stake is held by four directors and an ex-CEO of the company. AKDSPL is majority owned by Mr. Aqeel Karim Dhedhi - Chairman of the AKD Group - a renowned figure in Pakistan's capital market. Presently, the company is managing four open-end funds and one close-end fund with AUM of PKR 5.9bln at end-Sep16.

The CEO of AKDIML Mr. Imran Motiwala has been serving as the Chief Executive Officer since 2009. He is a marketing graduate from Southeastern University and a Certified Director from the Pakistan Institute of Corporate Governance. Fund Manager, Abdul Rehman is currently working as a Fund Manager at AKD Investment Management Limited. He is a graduate from IBA Karachi and is currently a candidate of CFA level 2.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

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