



Rating Action

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PACRA Maintains Stability Rating of Atlas Sovereign Liquid Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Atlas Sovereign Liquid Fund (ASLF), an open-end money market fund, at '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 provide competitive returns with low risk and high liquidity by investing primarily in short-term Government securities and good quality instruments.

The rating reflects the fund's investment philosophy. At end-sept16, fund's exposure with Government securities was 33% whereas, remaining assets of the fund (i.e. 67%) were invested as cash with the banks rated 'AA'. Fund's monthly average exposure in Government securities was 74% in Sep 16, whereas its duration was 49 days. Fund's monthly average duration remained below 80 days in last 4 quarters. The fund carries very high redemption risk as unit holding pattern of the fund is highly concentrated with top10 investors representing 99% of the fund's assets.

Going forward, the rating remains dependent on maintaining at least 25% allocation towards government securities with portfolio duration not exceeding 90 days. Meanwhile, the remaining assets of the fund must be placed with scheduled banks having credit ratings 'AA' and above. PACRA would monitor compliance against agreed parameters on monthly average basis.

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 ASLF 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 26bln at end-Nov16.

The CEO, Mr. Habib-ur-Rehman, an FCA from ICAEW, is veteran of the asset management industry. The Fund Manager, Mr. Fawad Javaid, CMA, joined AAML in Feb13. He carries adequate experience in domestic mutual fund industry.

Applicable Criteria and Related Research

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

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