



Rating Action

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Applicable Criteria and Related Research

- Mutual Funds | Fixed Income
- Category - Viewpoint | Nov-15
- Fund Stability Rating Methodology

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PACRA Maintains Stability Rating of Faysal Savings Growth Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Faysal Savings Growth Fund (FSGF), 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 investment objective of the fund is to earn competitive returns by investing mainly in a mix of short term to long term government securities and other debt instruments, having investment grade credit rating.

The rating reflects fund's strong credit quality and sound liquidity profile. At end-Sep'16, the portfolio is primarily invested in government securities (PIBs: 25.5%, Tbills: 15%). The remaining assets (35%) are invested in daily cash balances and bank placements with majority of the portion in 'AA+' rated banks and good quality TFCs (4%) with 'AAA' and 'AA-' credit rating. A sizeable portion is deployed in margin trading system (20%) which, due to its self liquidating nature, possesses less risk over a short tenure. As per the Investment Philosophy, the fund would maintain at least 25% allocation towards government securities, upto 25% exposure in margin trading system, exposure in TFCs / Sukuks would be upto 10% restricted to 'AA-' and above instruments; the remaining balance would constitute placements with high rated ('AA-' and above) banks, wherein, deposits with below 'A+' rated banks would not exceed 1%. The unit holding pattern of the fund is moderately concentrated with the top10 investors representing 54% of the fund's assets.

Going forward, adherence to the stated Investment Philosophy of the fund remains crucial for the rating.

About the Management Company:

Faysal Asset Management Limited (FAML), licensed to conduct asset management and investment advisory services, was incorporated in 2003 as an unlisted public limited company under company's ordinance, 1984. The major shareholder of FAML is Islamic Investment Company of the Gulf (Bahamas) Ltd (50% stake), followed by Faysal Bank Limited (30% stake). Mr. Razi Ur Rahman Khan, a director of FAML, holds the remaining 20% stake in FAML. Presently, the company is managing a diversified portfolio of nine open-end funds, with combined AUMs of PKR 10.2 billion at end-Sep'16.

The CEO, Mr. Enamullah Khan, has extensive experience in domestic and international capital markets. The COO, Mr. Najam ul Hassan, is serving FAML since 2012. The fund manager of FMMF, Mr. Syed Shahid Iqbal, carries 20 years of experience in the financial market.

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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