



## Rating Action

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## PACRA Maintains Stability Rating of JS Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of JS Income Fund (JSIF), an open income fund, at 'A+'(f) (Single A Plus ; fund rating). The fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

The objective of the fund is to achieve a higher rate of income along with safety of capital for its unit holders by investing in a diversified portfolio of high quality fixed income and money market instruments.

The rating reflects the investment philosophy of the fund. The rating reflects the fund's strong credit quality and sound liquidity profile emanating from sizeable allocation of assets in daily cash balances. At end-Sept16, the portfolio comprised cash balances (58%) and bank placements (34%) with majority of exposure with 'A+' rated banks. The remaining assets of the fund (i.e. 5%) were invested with TFCs. The unit holding pattern of the fund is highly concentrated with the top10 investors representing almost entire portfolio making the fund vulnerable to redemption pressure.

Going forward, the fund intends to take exposure in an optimal mix of sovereign fixed income instruments, term and daily placements with higher rated financial institution and good quality TFCs having credit rating of 'A' and 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:

Incorporated in 1995, JS Investments Limited (JSIL) is a subsidiary of JS Bank Limited (JSBL) - 52% shareholding. With a branch network of 278 and an asset base of PKR 235bln, JSBL is rated 'AA-' by PACRA. Currently, JSIL is managing nine open-end funds (at end-Sep16: ten funds) and two pension schemes with cumulative assets under management of PKR 9.8bln (at end-Sep16).

Dr. Ali Akhtar Ali, the Chief Executive Officer, carries extensive experience of the mutual fund industry. Mr. Asim Ilyas, the Fund Manager, possesses over 17 years of experience in treasury and fixed income portfolio management.

### Applicable Criteria and Related Research

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

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