



Rating Action

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PACRA Maintains Stability Rating of JS Islamic Government Securities Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of JS Islamic Government Securities Fund (JS IGSF), an open-end Shariah compliant 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 mandate of the fund is to generate stable return for its unit holders while ensuring capital preservation by primarily investing in Shariah compliant government securities.

The rating reflects the fund's low risk profile which emanates from its investment philosophy of maintaining a minimum exposure of 70% in Shariah compliant government securities (Ijarah Sukuks). At end-sept16, fund's exposure with Government securities was 71%, while remaining net assets were kept with banks rated 'AA+' (8%) & 'A+' (20%). On monthly average basis, fund's duration was below 180 days in last 4 quarters and in the quarter ended Jun16, fund's monthly average duration was 61 days. Fund's unit holding pattern depicts redemption pressure as 96% of the fund's assets were invested with top 10 investors at end-June16.

Going forward, the fund intends to maintain exposure towards government securities (70%) and cash balances (30%) with duration not exceeding 2 years. Material changes in the fund's asset allocation strategy, which could negatively impact the fund's credit quality and exposure to interest rate risk, remains critical for the rating. PACRA would monitor performance against agreed parameters on monthly average basis

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 11.4bln (at end-Nov16).

Dr. Ali Akhtar Ali, the Chief Executive Officer, carries extensive experience of the mutual fund industry. Mr. Umair Ahmed Khan, the Fund Manager, possesses adequate experience in fund management.

Applicable Criteria and Related Research

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

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