



## Rating Action

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## PACRA Maintains Stability Rating of Lakson Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Lakson Income Fund (LIF), an open-end 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 fund's mandate is to earn a reasonable rate of return by investing in a diversified portfolio of government securities and low risk short term debt investments.

The rating reflects fund's strong credit quality and robust liquidity profile. At end-Sept16, fund's exposure with Government securities was 5% whereas placements with banks were 33% and cash balances were 46%. The majority of the exposure was with banks rated 'A+' (i.e. 58%), while exposure with 'A-' rated banks was 16%. The remaining assets (14%) were invested in TFCs / sukuks with rating 'A-' & above. The unit holding pattern of the fund shows redemption risk, as top 10 investors concentration of the fund is 90% at end-Sept16.

Going forward, the fund intends to maintain its investments in government securities (PIBs & T-bills) and increase exposure to good quality debt instruments. Material changes in the fund's asset allocation strategy; including change in TFCs mix towards low rated instruments, which could negatively impact the fund's credit, remains critical for the rating.

### About the Management Company:

Incorporated in January 2009, Lakson Investments (LI) is the investment management arm of Lakson Group, wholly owned by Siza Services (Private) Limited. Lakson Group has interests in multiple sectors including fast food, information technology, insurance, media, paper & board manufacturing, printing & packaging, surgical instruments and textile. The company is currently managing six open-end mutual funds - covering Equity, Money Market, Income and Asset Allocation categories - with assets under management of PKR 12.3bln and SMA portfolio of 11.5 bln at end-Sep16.

The CEO, Mr. Babar Ali Lakhani, has vast investment management experience in local and foreign markets. The Head of Investments, Mustafa O. Pasha, CFA, has over nine years of experience in the domestic mutual fund industry.

### Applicable Criteria and Related Research

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

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