



Rating Action

Lahore : 09-Dec-2016

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PACRA Maintains Stability Rating of Lakson Money Market Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Lakson Money Market Fund (LMMF), 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 policy of the fund is to earn reasonable rate of return by constructing a highly liquid portfolio of treasury bills, money market placements, and deposits with scheduled banks.

The rating reflects the fund's low credit risk profile emanating from its portfolio allocation towards low risk avenues. At end-Sep16, government securities formed 25% of the fund's net assets, while 11% of the fund's assets were placed with banks having credit rating of 'AA+'. The remaining assets (64%) of the fund were placed as cash with banks rated 'AA'. The fund carries monthly average duration of 28 days and monthly average exposure of 25% in Government Securities in Sept 16. Fund carries high redemption risk as the unit holding pattern of the fund is highly concentrated, with the top 10 investors representing 87% of the fund's net assets.

Going forward, the rating remains dependent on maintaining exposure with high credit quality financial institutions 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:

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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