



Rating Action

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PACRA Maintains Stability Rating of MCB Cash Management Optimizer Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of MCB Cash Management Optimizer Fund (MCB CMOP), 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 mandate of the fund is to earn a reasonable rate of return through construction of a highly liquid and low risk portfolio comprising treasury bills, money market placements and bank deposits.

The rating reflects the fund's low risk profile emanating from its portfolio allocation towards low risk avenues. At end-Sep16, exposure in Government securities was mere 1% whereas, remaining assets of the fund were invested as cash (82%) and TDRs with banks rated AA & above. The exposure with AAA banks was 11%, whereas, exposure with 'AA+' rated banks was 4% and 83% with banks rated 'AA'. In Sept16, fund's monthly average exposure in Government securities was 66% and exposure to interest rate risk was very low i.e. 20 days. The unit holding pattern of the fund emanates high liquidity risk as top10 investors represent 68% of the fund's 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:

MCB-Arif Habib Savings and Investments Limited (MCBAH) is a subsidiary of MCB Bank Limited (MCB). MCB holds majority stake (51%) in the company, followed by Arif Habib Corporation Limited (30%). The company is managing fourteen open ended funds along with two pension schemes with AUMs of PKR 44 billion at end-Sept 16. MCB, one of the largest banks in Pakistan in terms of asset size and branch network, has a very strong financial position, evidenced by a long-term entity rating of AAA by PACRA. Arif Habib Corporation is the holding company for Arif Habib Group with interests in the financial and industrial sectors.

The CEO, Mr. Saqib Saleem, FCA, has extensive experience of the mutual fund industry. The Fund Manager, Mr. Saad Ahmad, an MBA, has wide ranging experience in domestic asset management companies.

Applicable Criteria and Related Research

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

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