



Rating Action

Lahore : 09-Dec-2016

Analyst

Sadaf Jamil
(+92-42-35869504)
sadafe.jamil@pacra.com
www.pacra.com

PACRA Maintains Stability Rating of MCB DCF Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of MCB DCF Income Fund (MCBDCFIF), 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 investment objective of the fund is to deliver superior fixed income returns by investing in an optimal mix of authorized debt instruments while taking into account capital security and liquidity considerations.

The rating reflects the fund's strong credit quality and sound liquidity profile emanating from sizeable investments as daily cash balances. The portfolio of the fund at end-Sep16 primarily comprised bank balances (42%) with banks rated 'AA-' & above, while 10% exposure was with Government securities [T-Bills(3%) ; PIBs(7%)]. The remaining assets of the fund were invested with financial sector TFCs [(i.e. 24%) with 'AA-' & above] and spread transactions (12%). The unit holding pattern of the fund remains well diversified with top 10 investors representing 15% of the fund's assets.

Going forward, the fund intends to largely hold the same portfolio construction. 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:

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

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.