



Rating Action

Lahore : 09-Dec-2016

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PACRA Maintains Stability Rating of MCB Pakistan Sovereign Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of MCB Pakistan Sovereign Fund (MCBPSF), an open-ended 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 fund's mandate is to generate reasonable return by primarily investing in bonds and short-term debt securities issued by Government of Pakistan (GoP).

The rating reflects the fund's strong credit quality and a sound liquidity profile emanating from the fund's policy to invest 70% of asset in a mix of short-term and long-term government securities on a weighted average basis with duration not more than 2 years. At end Sept-16, fund's exposure in T-Bills was 46% while 15% of the net assets were invested in PIBs. Exposure in 'AA+' rated banks was 26% whereas in 'AA' rated banks, exposure was 13%. The fund's exposure towards interest rate risk is reasonably within stated mandate. The unit holding pattern of the fund is moderately concentrated, with top10 investors representing 52% of the fund's assets.

Going forward, the rating remains dependent on maintaining at least 70% allocation towards government securities with portfolio duration not exceeding 2 years. 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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