



Rating Action

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PACRA Maintains Stability Rating of NAFA Government Securities Savings Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of NAFA Government Securities Savings Fund (NGSSF), an open-end 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 objective of the fund is to provide competitive return from a low credit risk portfolio by investing primarily in Government Securities.

The rating reflects the fund's strong credit profile emanating from its investment policy to invest at least 70% in Government Securities (PIBs, T-bills) and remaining investments will be in bank deposits and money market placements etc. At end-sept16 73.7% of the funds assets were invested in Government securities [i.e. PIBs (36.5%); T-Bills (37.2%)]. The remaining assets of the fund were invested with banks as banking deposits with 'AA+' rating (4.6%) and 'A+' rating (16.8%). On monthly average basis, the duration of the fund remained below 2 years. The unit holding pattern of the fund was highly concentrated towards top 10 investors representing 54% of the portfolio, this exposes fund towards redemption pressure.

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:

NBP Fullerton Asset Management Limited (NAFA) an 'AM2++' rated AMC by PACRA was incorporated in August 2005. National Bank of Pakistan is the major shareholder of NAFA with 54% stake, followed by Alexandra Fund Management Pte. Ltd - 36% stake. NBP, one of the largest banks in Pakistan over 1300 branch network, has a very strong financial position, evidenced by a long-term entity rating of AAA by PACRA. The CEO of NAFA holds a stake of 10% in the company. Presently, the company is managing a diversified portfolio of twenty one open-end funds, two pension schemes and several discretionary portfolios with AUM of PKR 80bln at end-Nov16.

The CEO, Dr. Amjad Waheed, CFA, holds a Doctorate in Business Administration; he has extensive experience in domestic and international capital markets. The fund manager, Mr. Muhammad Ali is CFA charter holder and carries a diversified experience in the banking and mutual fund industry.

Applicable Criteria and Related Research

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

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