



## Rating Action

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## PACRA Maintains Stability Rating of NAFA Money Market Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of NAFA Money Market Fund (NMMF), 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 fund's mandate is to generate stable income stream for its unit holders while ensuring capital preservation.

The rating reflects the fund's low risk profile emanating from the fund's investment policy to invest in avenues rated 'AA' and above. At end Sept16, fund took its whole exposure as cash with banks rated 'AA+'. The portfolio duration of the fund represents very low exposure towards interest rate volatility. The fund's unit holding pattern remains highly concentrated with the top10 investors comprising 56% of the fund's net assets, which shows redemption pressure over the fund.

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 of 'AA' and above. 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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