



Rating Action

Lahore : 09-Dec-2016

Analyst

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

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.

PACRA Maintains Stability Rating of NAFA Savings Plus Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of NAFA Savings Plus Fund (NSPF), 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 investment mandate of the fund is to earn a reasonable rate of return with minimal risk while ensuring capital protection by investing in a portfolio primarily comprising bank deposits and money market instruments.

The rating reflects fund's strong credit quality, sound liquidity profile. The fund's low risk emanates from its investment policy of maintaining a sizeable proportion of term placements with commercial banks pre dominantly rated in 'AA-' category and above. At end-sept 16, fund's exposure with Government securities was 5.5%, whereas 63% exposure was with banks rated 'AA' & above. The majority of the exposure was with 'AA+' rated banks (i.e. 30%). The other major avenue is MTS (26%), which due to self liquidating nature possesses less risk over short tenure. The fund's unit holding pattern remains adequately diversified with top10 investors representing 42% of the fund's assets at end-Sep16.

Going forward, the fund intends to maintain its investments in Government securities (20%), Margin Financing (40%) with rest of the assets invested in cash and placements with good quality banks and NBFIs. 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:

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.

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.