



Rating Action

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PACRA Maintains Stability Rating of Pakistan Income Enhancement Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Pakistan Income Enhancement Fund (PIEF), an open-end aggressive 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 objective of the fund is to deliver return from aggressive income strategy in debt and fixed income market.

The rating reflects sound credit quality and liquidity profile of the fund emanating from the portfolio composition of the fund. At end-sept 16, fund's exposure with PIBs was 37%, whereas its exposure with cash and TFCs was 21% & 20% respectively with banks rated 'AAA' (21%), 'AA' (3.6%) and 'A+' (19%). The remaining assets of the fund are invested with good quality TFCs rated 'AA-' & above. The unit holding pattern of the fund is moderately diversified with top10 investors accounting for 47% of the fund's units.

Going forward, the management of the fund intends to maintain exposure to government securities, corporate debt securities and cash balances. The rating of the fund remains contingent upon managing the credit quality of the fund and impact of volatility in prices of assets.

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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