



Rating Action

Lahore : 11-Jun-2012

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PACRA MAINTAINS STABILITY RATING OF ATLAS MONEY MARKET FUND

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Atlas Money Market Fund (AMF) at '**AA+(f) (Double A Plus ; fund rating)**', an open-end money market fund. The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

The primary investment objective of the fund is to provide investors with high and stable rate of income by investing in a diversified portfolio of T-Bills, money market placements and deposits with scheduled banks. The fund's very low credit risk and strong liquidity profile largely emanates from portfolio mix invested majorly (~90%) in short term government securities. The remaining funds are deployed in a combination of money market instruments and deposits with scheduled banks rated 'AA' and above at end-Mar12. The portfolio had duration of 37 days, mitigating the impact of interest rate risk at end-Mar12. However, the fund's unit holding is moderately concentrated with top 10 accounting for 66% of the fund assets.

The fund's rating is dependent upon maintaining a minimum exposure of 50% in Government securities with portfolio duration of less than 60 days. The remaining assets will be placed with scheduled banks having very strong credit quality.

About the Management Company:

Atlas Asset Management Limited (AAML), incorporated in August 2002, is majority owned (88%) by Shirazi Investments (Pvt.) Limited - the holding company of Atlas Group. Atlas Group, established in 1962, is one of the well-known business groups of the country with presence in manufacturing, financial, and trading sectors.

AAML is the management company for the AMF and has been rated 'AM2-' by PACRA. AAML is currently managing eight open, and closed end mutual funds and pension schemes with aggregate AUM of around PKR 8.4bln at end Apr12. The management team of AAML consists of well qualified and experienced personnel. Mr. M. Habib-Ur-Rahman, FCA, the CEO of Atlas, is a fellow of ICAEW with vast experience in the capital markets, besides having extensive knowledge of the asset management industry. Mr. Abdul Samad, the CIO of AAML, who is also the Fund Manager of AMF, carries significant experience pertaining to domestic asset management industry.

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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.



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PACRA MAINTAINS STABILITY RATING OF ATLAS INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Atlas Income Fund (AIF) at '**A+(f) (Single A Plus ; fund rating)**', an open-end income fund. The fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

The fund primarily invests in debt securities, money market, and makes placements with scheduled banks; the objective is to provide a consistent stream of income with reasonable concern for safety of principal. The rating reflects fund's strong credit quality, diversified sectoral concentration in assets and low exposure to interest rate volatility. The liquidity profile of the fund is good as majority of the assets are invested in T-Bills (64%), while remaining assets comprise good quality TFCs (33%) and cash balances with scheduled banks at end Mar-12. However, the unit holding pattern is fairly concentrated with top 10 investors holding more 75% of fund's units.

The fund intends to increase its holding towards short-term sovereign papers alongwith diluting exposure in corporate TFCs. The change in mix would be good for the fund credit profile. However, this may reduce the distinction against money-market funds. The main risk factor affecting the stability of returns emanates from volatility in prices of TFCs amidst largely illiquid market for this segment; however, comfort can be drawn from the fact that most of the TFCs are of good quality.

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AAML is the management company for the AIF and has been rated 'AM2-' by PACRA. AAML is currently managing eight open, closed end mutual funds and pension schemes with aggregate AUM of around PKR 8.4bln at end Apr12. The management team of AAML consists of well qualified and experienced personnel. Mr. M. Habib-Ur-Rahman, FCA, the CEO of Atlas, is a fellow of ICAEW with vast experience in the capital markets, besides having extensive knowledge of the asset management industry. Mr. Abdul Samad, the CIO of AAML, who is also the Fund Manager of AIF, carries significant experience pertaining to domestic asset management industry.

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PACRA MAINTAINS STABILITY RATING OF ATLAS ISLAMIC INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Atlas Islamic Income Fund (AIIF) at '**AA- (f) (Double A Minus ; fund rating)**', an open-end Shariah compliant income fund. The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

The primary investment objective of the fund is to provide investors with high and stable rate of current income consistent with long-term preservation of capital growth by investing in a diversified portfolio of Shariah compliant investment instruments. The rating reflects strong credit quality of the fund's assets and a good liquidity profile. At the same time, the rating incorporates fund's low exposure to interest rate volatility. Currently, a significant portion of fund's assets comprises GoP Ijara Sukuk (~65%), while the remaining portion is placed as TDRs and daily cash balances with 'A' and above rated Islamic banks at end-Mar12. The unit holding pattern is fairly concentrated and remains vulnerable to redemption pressure. However, comfort can be drawn from significant holding of the Atlas group and its associates.

The rating is dependent upon maintaining around 60% exposure in GoP Ijara Sukuk, with a portfolio duration of less than 90 days. The remaining assets will be in the form of bank placements - deposits and TDRs predominately amongst Islamic institutions with high ratings. Any change in the fund's credit quality impacting its asset-mix and/or exposure to interest rate risk, would have downward implication for the rating.

About the Management Company:

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AAML is the management company for the AIIF and has been rated 'AM2-' by PACRA. AAML is currently managing eight open and, closed end mutual funds and pension schemes with aggregate AUM of around PKR 8.4bln at end May12. The management team of AAML consists of well qualified and experienced personnel. Mr. M. Habib-Ur-Rahman, FCA, the CEO of Atlas, is a fellow of ICAEW with vast experience in the capital markets, besides having extensive knowledge of the asset management industry. Mr. Abdul Samad, the CIO of AAML, who is also the Fund Manager of AIIF, carries significant experience pertaining to domestic asset management industry.

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