



Rating Action

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PACRA ASSIGNS STABILITY RATING OF ‘A+(f)’ TO ATLAS INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of ‘A+(f)’ (**Single A Plus – fund rating**) to the Atlas Income Fund (AIF), 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 schedule banks with the objective providing a consistent stream of income with reasonable concern for safety of principal. The rating reflects fund’s good credit quality, diversified sectoral concentration in assets and very low exposure to interest rate volatility. The liquidity profile of the fund is modest as sizeable portion of its assets are invested in TFCs. Meanwhile, the unit holding pattern is fairly concentrated with top 10 investors holding more than 70% of fund’s units.

The fund anticipates reducing exposure in money market placements and TFCs, and intends to invest in new avenues such as T-Bills and stock market financing, with adequate security. The change in mix would be good for the fund credit profile.

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 majority (~ 98%) of the TFCs are of good quality. At the same time, the fund may be vulnerable to redemptions keeping in view not only the concentrated unit holding pattern but also the small size of the fund.

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-reputed business groups of the country with presence in manufacturing, financial, and trading sectors.

AAML is the management company for the AIF and has been rated ‘AM3+’ by PACRA. AAML is currently managing seven open end mutual funds and pension funds with aggregate AUM of around PKR 4bln as at end Sep09.

The management team of AAML consists of well qualified and experienced personnel. Mr. Abdul Samad, the CIO of AAML, has extensive experience in the Asset Management industry. The Fund Manager of AIF, Mr. Khurram Aftab Ahmed, has an extensive experience in managing fixed income portfolios.

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