



Rating Action

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PACRA ASSIGNS STABILITY RATING OF ‘AA- (f)’ TO ATLAS ISLAMIC INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of ‘AA- (f)’ (**Double A Minus – fund rating**) to Atlas Islamic Income Fund (AIIF), an open-end Shariah compliant income fund. The fund’s rating denotes a very strong capacity to manage relative stability in returns and 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, including investments outside Pakistan. The rating reflects good credit quality of the fund’s assets and a strong liquidity profile, though having a relatively high degree of concentration. At the same time, the rating incorporates fund’s low exposure to interest rate volatility. Currently, a significant portion of fund’s assets comprises TDRs, while remaining portion is invested in daily cash balances with Islamic banks. 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.

Going forward, the fund intends to invest in listed corporate Sukuks, as well as Government issued Ijarah Sukuks. To maintain high credit quality and strong liquidity, the fund would restrict corporate Sukuks to 15% of its NAV and would maintain more than 50% of its assets in the form of bank placements – deposits and TDRs.

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 AIIF and has been rated ‘AM3+’ by PACRA. AAML is currently managing seven open end mutual and pension funds with aggregate AUM of around PKR 3.9bln as at end Dec-09.

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 AIIF, Mr. Khalid Mehmood, has previous experience in managing fixed income portfolios.

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