



Rating Action

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PACRA ASSIGNS STABILITY RATING TO IGI ISLAMIC INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of ‘A+ (f)’ (**Single A Plus – fund rating**) to IGI Islamic Income Fund (IGI-IIF), an open-end Shariah compliant income fund. The fund’s rating denotes a 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 return consistent with long-term capital appreciation by investing in a diversified portfolio of Shariah compliant investment instruments, TDRs & cash balances, including investments outside Pakistan. The rating reflects good credit quality of the fund’s assets and a strong 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 TDRs; the remaining portfolio is dominated by daily cash balances with Islamic banks and GoP Ijara Sukuk (~23% at end- Jan11). The unit holding pattern is fairly concentrated and remains vulnerable to redemption pressure. However, comfort can be drawn from significant holding of the group and its associates.

Going forward, the fund intends to invest in corporate Sukuks as well as Government issued Ijarah Sukuks. To maintain high credit quality and strong liquidity, the fund would maintain more than half of its assets in the form of bank placements – cash balances and TDRs predominately amongst institutions with good ratings.

About the Management Company: IGI Funds Limited (IGI FL), incorporated in January 2006, is a subsidiary of IGI Investment Bank Limited (IGI IBL), which is majority owned by Packages Group. Packages Group – a dynamic conglomerate of Pakistan – is involved in a diverse range of business activities including paper and board, packaging, milk and dairy processing, consumer products, and insurance. The Group’s other interests in the financial services sector, branded under the umbrella of IGI Financial Services (IGI FS), include an insurance company and a brokerage house.

IGI FL is the management company for IGI Islamic Income Fund (IGI-IIF). IGI FL is currently managing five open-ended funds with aggregate AUM of PKR 4.45bln as at end-Jan11. Ms. Maheen Rahman, CEO, has over nine years of local and international experience in the financial sector.

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