



**Rating Action**

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**PACRA ASSIGNS “AA+” CAPITAL PROTECTION RATING TO MCB SARMA YA MEHFOOZ FUND-1**

The Pakistan Credit Rating Agency (PACRA) has assigned a capital protection rating of ‘AA+(cp)’ [**Double A Plus (capital protection)**] to the MCB Sarmaya Mehfooz Fund-1 (MCB SMF-1). It is an open-end capital protected fund launched in June 2010 with stipulated life of one year. The fund’s rating denotes exceptionally strong certainty of capital protection.

The rating reflects the fund’s mandate to place 92.53% of the total initial fund size in form of a Term Deposit with MCB Bank Pakistan, for a period of one year from the date of placement. The bank is rated “AA+” by PACRA. The profit rates on the initial deposit amount, as well as on the subsequent interest payments accumulated in the account, are fixed for the tenure of the placement, thus eliminating interest rate risk as well as reinvestment risk. Upon maturity of the placement, these funds are expected to grow, at the stipulated interest rates, to at least 100% of the total initial fund size, net of all expenses and taxes. However, the certainty of this capital protection scheme is contingent upon the credit risks of the institution (MCB Bank) with which such funds are placed.

**About the Bank:** MCB is the fourth largest bank in terms of its share in total banking assets (8%) in the country. The bank has a distinct franchise with above 1,000 branches. The bank currently has long-term and short-term entity ratings of “AA+” (Double A Plus) and “A1+” (A One Plus), respectively, from PACRA. The ratings reflect MCB’s strong risk absorption capacity emanating from sound capital structure supplemented by consistently robust performance.

**About the Management Company:** MCB Asset Management Company Limited (MCB AMC), a wholly owned subsidiary of MCB Bank Limited (MCB), commenced operations in Feb06. The company currently has five funds – money market, income, equity, asset allocation, and capital protection – with total assets under management amounting to PKR 14.6bln as at end-Dec10. The seven-member BoD of MCB AMC mainly comprises senior officials of MCB Bank, including its CEO. The Chairman of Nishat Group, Mian Muhammad Mansha is the Chairman of MCB AMC’s board. The Chief Executive Officer Yasir Qadri has a good experience in the asset management industry. He is assisted by a young but dynamic management team.

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