



Rating Action

Lahore (10-Jan-11)

Analyst

Adnan Rasool
(+92-42-3586 9504)
adnan.rasool@pacra.com
www.pacra.com

PACRA MAINTAINS STABILITY RATING OF METROBANK-PAKISTAN SOVEREIGN FUND

The Pakistan Credit Rating Agency (PACRA) has maintained stability rating of MetroBank-Pakistan Sovereign Fund (MSF) at ‘AA (f)’ (**Double A-fund rating**), an open-end income fund investing primarily in government bonds. The fund’s rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

MSF aims to provide income and capital preservation to its unit holders by investing primarily in bonds and debt securities issued by Government of Pakistan. The rating reflects the fund has a very strong credit quality and a sound liquidity profile. Meanwhile, it incorporates superior quality of systems and processes developed by the asset manager - AHI. Lately, the asset mix of the fund is experiencing a change in favour of short-term T-Bills as against traditionally high proportion of long-term fixed rate PIBs. This may further lower the volatility in fund’s NAV compared to the past.

The unit holding pattern of MSF is highly concentrated; however, comfort can be drawn from primary investor’s (HMB) majority holding in the fund. While credit and liquidity risks are minimal, the main risk emanates from the sensitivity of fixed-rate bond portfolio to any change in the interest rate.

About the Management Company: Arif Habib Investments Limited (AHI) is the management company for PCF and is rated “AM2” with a Positive outlook by PACRA. Arif Habib Corporation Limited (formerly Arif Habib Securities Limited.) – the holding company for Arif Habib Group - holds majority stake (60%) in AHI. The group is engaged in financial advisory, brokerage, cement and fertilizer industries.

AHI is one of the leading players in the asset management industry of Pakistan with assets under management of above PKR 14.8bln as at end Nov10. The company currently has eleven open-end funds under management and also offers two pension schemes. Mr. Nasim Beg, FCA, the founding Chief Executive, has more than 40 years of diversified experience. He has been instrumental in development of mutual fund industry in Pakistan. The fund manager of MSF, Mr. Zafar Rehman, heads the fixed income division and has vast experience in managing fixed income portfolios.

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

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’s 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.