



Rating Action

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**PACRA MAINTAINS STABILITY RATING OF PAK OMAN
ADVANTAGE ISLAMIC INCOME FUND**

The Pakistan Credit Rating Agency (PACRA) has maintained stability rating of Pak Oman Advantage Islamic Income Fund (POAIIF) at ‘A+(f)’ (**Single A Plus – fund rating**), 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 current income and long-term capital growth by investing primarily 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. At the same time, rating incorporates fund’s exceptionally low exposure to interest rate volatility. Currently, a significant portion of fund’s assets comprises daily cash balances with Islamic banks, while remaining portion is invested in term deposits. The unit holding pattern is fairly concentrated; however, comfort can be drawn from significant holding of the management company in the fund.

Going forward, while slightly increasing its exposure in corporate TFCs, the fund plans to increase placements (Term Deposit) with Islamic Banks. The main risk factors emanate from the relatively high concentration in individual instruments, and vulnerability to redemption given the small size of the fund.

About the Management Company: Pak Oman Asset Management Company Limited (POAMCL) is the management company for the POAIIF. The main sponsors of POAMCL are Pak Oman Investment Company Limited, Oman National Investment Corporation Holding, Bank Muscat, and National Logistics Cell. The company is currently managing four mutual funds with aggregate AUM of PKR 1.54bln as at end-Nov10. The management team at POAMCL is reasonably experienced.

The CEO, Ms. Hina Ghazanfar, has been associated with POAMCL since 2007 and has worked for various domestic and foreign financial institutions previously. The fund manager, Mr. Nabeel Malik is an MBA and joined POAMCL in 2008.

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