



Rating Action

Lahore:(30-Mar-2011)

Analyst

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

PACRA ASSIGNS “AA” CAPITAL PROTECTION RATING TO ALFALAH GHP PRINCIPAL PROTECTED FUND - II

The Pakistan Credit Rating Agency (PACRA) has assigned a capital protection rating of ‘AA(cp)’ [**Double A (capital protection)**] to the Alfalah GHP Principal Protected Fund-II (AGPPF-II). It is an open-end capital protected fund launched in September 2009 with stipulated life of two years. The fund’s rating denotes very strong certainty of capital protection.

The rating reflects the fund’s mandate to place 80% of the total initial fund size in form of a Term Deposit with Bank Alfalah Limited, for a period of two years from the date of placement. The bank has a long-term rating of “AA” by PACRA. The profit rate is fixed for the tenure of the placement, thus eliminating interest rate risk as well as reinvestment risk. Upon maturity of the scheme, these funds are expected to grow, at the stipulated interest rates, to at least 100% of the total initial fund size. However, the certainty of this capital protection is contingent upon the credit risk of the institution (Bank Alfalah) with which these funds are placed. Moreover, owing to losses incurred on non-capital protected portfolio, the cumulative returns of the fund have remained subdued during CY10. The total fund size stands at PKR 795mln (end-Feb11).

About the Bank: Bank Alfalah Limited, with a network of 321 branches (Conventional: 261; Islamic: 60) and listed on all the bourses of the country, enjoys a leading position with around 6% industry assets share at end-Dec10. Abu Dhabi Group (ADG), comprising some of the prominent members of UAE’s ruling family, leading businessmen of UAE and their associates, owns the majority shareholding in the bank. The bank currently has long-term and short-term entity ratings of “AA” (Double A) and “A1+” (A One Plus), respectively, from PACRA.

About the Management Company: Commencing operations in March 2005, the main sponsor of Alfalah GHP Investment Management Limited (AGIM) is Bank Alfalah Limited. Other Institutional investors include MAB Investments Inc. (a holding company of Dhahi Group, UAE) and GHP Arbitrium Holdings Limited of Switzerland. AGIM is managing seven open-end funds with total AUM of PKR 3.31bln at end-Feb11. Seven-member BOD comprises three representatives of BAL, one representative GHP, two independent directors and CEO of AGIM. The CEO, Mr. Abdul Aziz Anis, CFA, has considerable experience in Pakistan’s capital markets and has been associated with AGIM since inception. Mr. Ather H. Medina, with a diverse experience in investment management, is the Chief Investment Officer.

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