



Rating Action

Lahore: (12-July-10)

Analyst

Mohammad Asadullah Saleem
(+92-42-586 9504)
Saleem.Asadullah@pacra.com

PACRA MAINTAINS ENTITY RATINGS OF ARIF HABIB INVESTMENTS LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short term entity ratings of Arif Habib Investments Limited (AHI) at ‘A’ (Single A) and ‘A1’ (A one) respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect company’s ability to sustain pressure on its financial profile emanating from tough operating environment for mutual fund industry due to an adequate and improving equity base. The core revenue stream of the company is stable mainly driven by sustainability in assets under management. However, given that AHI has high exposure to equity market through investments in its own funds, primarily through closed end funds; its overall performance is susceptible to volatility. AHI carries superior management team, quality investment infrastructure and diverse product base to tap further growth, once the revival of mutual fund industry gets underway.

The ratings are dependent upon AHI’s ability to further strengthen its risk absorption capacity while managing exposure to market risk. Meanwhile, maintaining the quality of human resource, support systems and processes, besides simultaneously managing stable fund’s performance would be critical.

About the company: Incorporated in August 2000 and listed on the Karachi Stock Exchange, AHI is among the leading asset management companies in Pakistan. Arif Habib Securities Limited (AHSL) – the holding company for Arif Habib Group – holds majority stake (60%) in the company. Arif Habib group is engaged in investment management, financial advisory services, brokerage, cement, and fertilizer industries.

AHI carries positive outlook on its asset manager rating of AM2 from PACRA. Lately, AHI has entered into discussions with MCB Asset Management Company Limited about a possible merger.

AHI’s seven member board, carrying diversified experience of various sectors including financial services, includes three independent directors. The Chief Executive of AHI, a known figure in the country’s mutual fund industry and associated with AHI since its inception, is a Chartered Accountant with over three decades of experience in the financial sector. He is supported by a seasoned team.

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.