



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF ARIF HABIB INVESTMENT MANAGEMENT LIMITED

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

The ratings reflect AHIML’s strong franchise in the nascent, albeit rapidly growing, mutual fund industry of the country. The company, on the back of its experienced management, supported by requisite systems, is capable of tapping opportunities in the industry. At the same time, recent initiatives to structure and strengthen the company’s operating platform are likely to provide a competitive edge. Meanwhile, strong risk absorption capacity of the company, emanating from a low leveraged capital structure and stable cash flows, and association with Arif Habib group remain key rating factors.

About the company: Incorporated in August 2000, AHIML is one of the largest private sector asset management companies in Pakistan (market share end-Sep 07: 15%). PACRA has assigned a Positive Outlook to the company’s asset manager rating of AM2. Arif Habib Securities Limited (AHS) – the holding company for Arif Habib Group – holds majority stake (62%) in the company. The group is engaged in investment, financial advisory services, brokerage, investment banking, commercial banking, cement and fertilizer industries. Arif Habib Bank is a new yet expanding commercial bank of the group. The current Chief Executive of AHIML, a known figure in the country’s mutual fund industry, is a Chartered Accountant with over three decades of experience in the financial sector.

With assets under management of around PKR 23bln at end-Dec07, the company currently has seven open-end and three closed-end funds under management. In addition, the management has recently launched two pension schemes. Meanwhile, investors also have the option to participate in various investment plans developed by the company, involving these funds.

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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.

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