



Rating Action

Lahore (28-Dec-10)

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PACRA MAINTAINS STABILITY RATING OF ATLAS INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Atlas Income Fund (AIF) at ‘A+(f)’ (**Single A Plus – fund rating**), an open-end income fund. The fund’s rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

The fund primarily invests in debt securities, money market, and makes placements with scheduled banks; the objective is to provide a consistent stream of income with reasonable concern for safety of principal. The rating reflects fund’s good credit quality, diversified sectoral concentration in assets and very low exposure to interest rate volatility. The liquidity profile of the fund is modest as sizeable portion of its assets are invested in TFCs. Meanwhile, the unit holding pattern is fairly concentrated with top 10 investors holding more than three-fourth of fund’s units.

The fund anticipates reducing exposure in corporate TFCs, and intends to invest in new avenues such as T-Bills. The change in mix would be good for the fund credit profile.

The main risk factor affecting the stability of returns emanates from volatility in prices of TFCs amidst largely illiquid market for this segment; however, comfort can be drawn from the fact that most of the TFCs are of good quality. At the same time, the fund may be vulnerable to redemptions keeping in view not only the concentrated unit holding pattern but also the declining size of the fund.

About the Management Company: Atlas Asset Management Limited (AAML), incorporated in August 2002, is majority owned (88%) by Shirazi Investments (Pvt.) Limited – the holding company of Atlas Group. Atlas Group, established in 1962, is one of the well-known business groups of the country with presence in manufacturing, financial, and trading sectors.

AAML is the management company for the AIF and has been rated ‘AM3+’ by PACRA. AAML is currently managing eight open, close end mutual and pension funds with aggregate AUM of around PKR 5bln as at end Nov10. The management team of AAML consists of well qualified and experienced personnel. Mr.M. Habib-Ur-Rahman, FCA, the CEO of Atlas, holds a charter from ICAEW and is a Harvard Alumni with vast experience in the capital markets, besides having extensive knowledge of the asset management industry. Mr. Abdul Samad, the CIO of AAML, who is also the Fund Manager of AIF, has extensive experience in the Asset Management industry.

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