



Rating Action

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PACRA UPGRADES STABILITY RATING OF ASKARI ISLAMIC INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has upgraded stability rating to ‘AA-(f)’(Double A Minus - fund rating) [Previous rating: “A+(f)” (Single A Plus – Fund Rating)] of Askari Islamic Income Fund (AIIF), an open-end Shariah compliant income fund. The fund’s rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

The investment objective of the fund is to earn a reasonable rate of return by investing in Shariah Compliant income avenues having good quality and liquidity. The rating reflects good credit quality of the fund’s assets and a strong liquidity profile. The fund’s very low credit risk and strong liquidity profile emanates from its portfolio mix majorly invested in Government issued Ijarah Sukuks (~50%) with a significant portion of fund’s assets comprising daily cash balances with Islamic banks having a minimum credit rating of ‘AA’. Lately, fund size has significantly increased at a high concentration in unit holding pattern, indicating vulnerability to redemption pressure. However, comfort can be drawn from significant holding of the parent in the form of seed capital.

Going forward, the fund intends to remain invested 50% in Government issued Ijarah Sukuks, and 30% in AA and above rated Islamic Banks. This enhances the funds credit quality with limited exposure to corporate sukuks.

About the Management Company: Askari Investment Management Limited (AIM) is the management company for AIIF. AIM is a wholly owned subsidiary of Askari Bank Limited, which has a network of 206 branches nationwide. AIM has “AM3” asset manager rating by PACRA and is currently managing five mutual funds with aggregate AUM of PKR 4.1bln as at end-Dec10.

The management team of AIM consists of qualified and relatively experienced personnel. Mr. Adnan Siddiqui, CEO, who has recently joined, has capital markets experience of more than 15 years. The recently appointed Fund Manager, Mr. Mustafa Kamal, is an MBA with over seven years of diversified experience in the field of Money Market with domestic financial institutions. The company has in place an adequate investment management and research functions and back-end support systems and processes.

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