



Rating Action

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PACRA ASSIGNS STABILITY RATING OF ‘A+ (f)’ TO ASKARI ISLAMIC INCOME FUND

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

The investment objective of the fund is to earn a reasonable rate of return in Shariah compliant manner by investing in Islamic income investments having good quality and liquidity. The rating reflects good credit quality of the fund’s assets and a very strong liquidity profile, though having a relatively high degree of concentration. At the same time, the rating incorporates fund’s low exposure to interest rate volatility. Currently, a significant portion of fund’s assets comprises TDRs, while remaining portion is invested in daily cash balances with Islamic banks with a minimum credit rating of ‘A-’ (Single A minus). The fund with limited growth in size since launch has high concentrated unit holding pattern, increasing vulnerability to redemption pressure. However, comfort can be drawn from significant holding of the parent in the form of seed capital.

Going forward, apart from keeping around 80% in TDRs with Islamic banks, the fund intends to invest in Government issued listed Ijarah Sukuks, although that would be restricted to 10% of NAV.

About the Management Company: Askari Investment Management Limited (AIM) is the management company for the 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 it is currently managing five mutual funds with aggregate AUM of PKR 3.7 bln as at end-May10.

The management team of AIM consists of well qualified and relatively experienced personnel. Mr. Adnan Siddiqui, CEO, who has recently joined, has capital markets experience of more than 15 years with a proven track record. 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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