



**Rating Action**

Lahore (03-Mar-11)

**Analyst**

Adnan Rasool  
(+92-42-35869504)  
adnan.rasool@pacra.com  
www.pacra.com

**PACRA ASSIGNS STABILITY RATING TO IGI AGGRESSIVE INCOME FUND**

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of ‘**BBB(f)**’ (**Triple B – fund rating**) to IGI Aggressive Income Fund (IGI-AIF), an open-end aggressive income fund. The fund’s rating denotes an adequate capacity to manage relative stability in returns and high exposure to risks.

The primary investment objective of the fund is to provide a stable stream of income with a high level of risk by primarily investing in fixed income securities and offering prospects of income and capital growth. The rating is constrained attributed to credit quality of fund’s assets and relatively modest liquidity profile due to high allocation towards TFCs (~70% at end-Jan11). The fund’s TFC portfolio experienced significant deterioration with non-performing instruments representing ~36% of net assets. This may lead to further downward pressure on returns and relative stability, particularly if restructuring efforts do not materialize in a timely manner. However, the fund has significantly diluted its sectoral concentration in line with its latest diversification strategy. Nevertheless, the unit holding pattern is highly concentrated, with top five investors holding more than 90% of fund’s units. However, comfort can be drawn from significant sponsor’s holdings in the fund.

Going forward, the fund, while maintaining its TFCs exposure, plans to invest the remaining portfolio in Govt. Securities and cash balances. The main risk factor affecting the stability of returns emanates from the volatility in prices of TFCs amidst largely illiquid market for this segment.

**About the Management Company:** IGI Funds Limited (IGI FL), incorporated in January 2006, is a subsidiary of IGI Investment Bank Limited (IGI IBL), which is majority owned by Packages Group. Packages Group – a dynamic conglomerate of Pakistan – is involved in a diverse range of business activities including paper and board, packaging, milk and dairy processing, consumer products, and insurance. The Group’s other interests in the financial services sector, branded under the umbrella of IGI Financial Services (IGI FS), include an insurance company and a brokerage house.

IGI FL is the management company for IGI Aggressive Income Fund [Formerly; Pak Oman BOP Advantage Plus Fund]. IGI FL is currently managing five open-ended funds with aggregate AUM of PKR 4.45bln as at end-Jan11. Ms. Maheen Rahman, CEO, has over nine years of local and international experience in the financial sector.

**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.