



Rating Action

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PACRA ASSIGNS “AA-”CAPITAL PROTECTION RATING TO JS CAPITAL PROTECTED FUND

The Pakistan Credit Rating Agency (PACRA) has assigned a capital protection rating of ‘AA-(cp)’ [**Double A Minus (capital protection)**] to the JS Capital Protected Fund (JSCPF), an open-end capital protected fund. The fund’s rating denotes very strong certainty of capital protection.

The rating reflects the fund’s mandate to place 71.45% of the total initial fund size in form of a Term Deposit with the Bank of Punjab, for a period of three years from the date of placement. The profit rates on the initial deposit amount, as well as on the subsequent interest payments accumulated in the account, are fixed for the tenure of the placement, thus eliminating interest rate risk as well as reinvestment risk. Upon maturity of the placement, these funds are expected to grow, at the stipulated interest rates, to at least 100% of the total initial fund size, net of all expenses and taxes. However, the certainty of this capital protection scheme is contingent upon the credit risk of the institution with which such funds are placed.

About the Bank: The Bank of Punjab (BoP), established under the BoP Act 1989 and listed on all three stock exchanges of the country, operates a vast network – largely in Punjab – of 272 branches. BoP is principally involved in lending and providing other general banking services. The Government of Punjab maintains majority stake in BoP (51%), whereas 13% is owned by the Employees Old Age Benefit Institution (EOBI) and the rest by various individuals, financial institutions and mutual funds. The bank currently has long-term and short-term entity ratings of “AA-” (Double A Minus) and “A1+” (A One Plus), respectively, from PACRA. However, the outlook on these ratings is “Negative”.

About the Management Company: Incorporated in 1995, JS Investments Limited (JSIL) is the leading private sector asset management company in Pakistan. It is a subsidiary of Jahangir Siddiqui and Company Limited (JSCL) - 52% shareholding at end-Jun09. JSIL is managing fourteen funds with aggregate AUM of PKR22bln as at end-Jul09. JSIL was the pioneer in introducing capital protected funds in Pakistan. The company currently manages five open-end capital protected funds with aggregate AUM of around PKR 5.3bln as at end-Jul09.

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