



Rating Action

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PACRA REVISES STABILITY RATING OF JS INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has revised the stability rating to ‘A+(f)’ (Single A Plus – Fund Rating) [Previous Rating: “AA-(f)” (Double A Minus – Fund Rating)] of JS Income Fund (JSIF), an open-end income fund. The fund’s rating denotes a strong capacity to maintain relative stability in returns and possesses low exposure to risks.

The fund’s objective is to preserve capital while providing income growth, through investing primarily in debt and fixed income securities. The rating reflects a strong credit quality of fund’s assets, mainly consisting of investments in TFCs and government securities. The fund has a good liquidity profile, which, in addition to government securities, benefits from investments in money market, TDRs and placements – highly liquid assets account for around more than half of the fund. The fund has a diversified TFC portfolio. Although the current portfolio is dominated by A+ or above rated instruments, it has a significant portion of non-performing TFCs. A significant decrease in fund size along with the high concentration in unit holding pattern, further increases vulnerability to redemption pressure.

The main risk factor affecting the stability of the returns emanates from the significant deterioration in the credit quality of the asset profile and volatility in prices of TFCs, amidst largely illiquid market and rising discount rate. Furthermore, any major deviation from existing policy of investing around half of the funds in government securities and limiting TFCs exposure to its current levels of around one-third, would be critical for fund’s rating.

About the Management Company: Incorporated in 1995, JS Investments Limited (JSIL) is one of the largest players in the asset management industry in Pakistan. It is a subsidiary of Jahangir Siddiqui and Company Limited (JSCL) - 52% shareholding. JSIL is managing twelve open-end, two closed-end and two pension funds with aggregate AUM of above PKR14bln as at end-Sept10.

Mr. Rashid Mansur, the Chief Executive, joined JSIL in April 2010. He is a qualified Associate of the Chartered Institute of Bankers London and a Fellow of the Institute of Bankers in Pakistan with over 30 years of domestic and international experience in financial services industry, predominantly in commercial and investment banking. Ms. Nazia Enam, the fund manager, holding a Masters degree in Economics with 15 years of diverse experience in equities and fixed-income with reputable financial institutions, currently looks after JS Income Fund, JS Cash Fund and JS Aggressive Income Fund.

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