



Rating Action

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PACRA ASSIGNS STABILITY RATING OF “AA-(f)” TO JS INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of ‘AA-(f) (Double A Minus – Fund Rating)’ to the JS Income Fund (JSIF), an open-end income fund. The fund’s rating denotes a very low exposure to risk and very strong capacity to manage relative stability in returns.

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 very good credit quality of fund’s assets, mainly consisting of investments in TFCs and government securities. However, relatively long-duration PIBs and T-Bills have increased the interest rate volatility of the fund, to some extent (duration: 155 days). 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 two-thirds of the fund. The fund has a diversified TFC portfolio, dominated by AA- or above rated instruments, with limited infection. There has been improvement in the unit holding pattern; nonetheless, still having a slightly higher concentration by the top 10 investors.

The main risk factor affecting the stability of the returns emanates from any significant deterioration in the credit quality of the asset profile and volatility in prices of TFCs. Furthermore, any major deviation from existing policy of investing around half of the funds in government securities and limiting TFC 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 the leading private sector asset management company in Pakistan. It is a subsidiary of Jahangir Siddiqui and Company Limited (JSCL) - 52% shareholding at end-Oct09. JSIL has been assigned “AM2+” asset manager rating by PACRA. JSIL is managing fourteen funds with aggregate AUM of PKR22bln as at end-Oct09. The company currently manages two open-end income funds with aggregate AUM of around PKR 5.1bln as at end-Oct09.

Mr. Najam Ali, the Chief Executive, has extensive experience and has held senior positions within the financial services industry as well as the apex regulator. Mr. Ali Raza Siddiqui, Chief Investment Officer, has a range of fund management experience before joining JSIL in 2005. Mr. Kashif Rafi is the fund manager of JS Income Fund and JS Fund of Funds and has 8 years experience of managing fixed income portfolios and has been with JSIL for over 2 years.

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