



Rating Action

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PACRA ASSIGNS “AA+” CAPITAL PROTECTION RATING TO JS PRINCIPAL SECURE FUND-II

The Pakistan Credit Rating Agency (PACRA) has assigned a capital protection rating of ‘AA+(cp)’ [Double A Plus (capital protection)] to the JS Principal Secure Fund-II (JSPSF-II), 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 86% of the total initial fund size in form of a Term Deposit with MCB Bank Limited (70%) & Bank Alfalah Limited (30%), for a period of 1.5 years from the date of placement (Dec-09). The bank’s have a long-term rating of “AA+” & “AA” respectively, by PACRA. The profit rates are fixed for the tenure of the placement, thus eliminating interest rate risk as well as reinvestment risk. Upon maturity of the placement (end-Jul11), 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 risks of the institutions (MCB Bank & Bank Alfalah) with which such funds are placed. The total fund size stands at PKR 594mln (end-Feb11).

About the Banks: MCB is the fourth largest bank in terms of its share in total banking assets (8%) in the country. The bank has a distinct franchise with above 1,000 branches. The bank currently has long-term and short-term entity ratings of “AA+” (Double A Plus) and “A1+” (A One Plus), respectively, from PACRA. The ratings reflect MCB’s strong risk absorption capacity emanating from sound capital structure supplemented by consistently robust performance.

Bank Alfalah Limited, with a network of 321 branches (Conventional: 261; Islamic: 60) and listed on all the bourses of the country, enjoys a leading position with around 6% industry assets share at end-Dec10. Abu Dhabi Group (ADG), comprising some of the prominent members of UAE’s ruling family, leading businessmen of UAE and their associates, owns the majority shareholding in the bank. The bank currently has long-term and short-term entity ratings of “AA” (Double A) and “A1+” (A One Plus), respectively, from PACRA.

About the Management Company: Incorporated in 1995, JS Investments Limited (JSIL) is a significant player in the asset management industry in Pakistan. It is a subsidiary of Jahangir Siddiqui and Company Limited (JSCL) - 52% shareholding. JSIL is managing fourteen funds with aggregate AUM of PKR13.3bln as at end-Feb11.

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. Mr. Arsalan Asif H. Soomro (FRM) is the fund manager and also looks after JS Islamic Fund, JS Islamic Pension Saving Fund and JS KSE 30 Index Fund.

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