



Rating Action

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PACRA ASSIGNS STABILITY RATING OF ‘AA(f)’ TO MCB CASH MANAGEMENT OPTIMIZER FUND

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of ‘AA(f)’ (**Double A – fund rating**) to the MCB Cash Management Optimizer Fund (CMOP), an open-end money market fund. The fund’s rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

Launched in Oct09, the fund primarily invests in treasury bills, money market placements, and deposits with scheduled banks with the objective of providing competitive returns and high liquidity. The rating reflects fund’s very strong credit quality, sound liquidity profile, and extremely low exposure to interest rate volatility. The sound credit and liquidity profile of the fund emanates largely from fund’s investment in short term government securities (T-Bills, with average maturity not exceeding 120 days) which comprise more than half of the fund’s net assets. The balance of the funds would be invested in a combination of money market, TDRs, and deposits; with a minimum entity/instrument rating of ‘AA’. Although the fund is experiencing significant expansion, it still has high concentration in unit holding pattern, keeping it vulnerable to redemption pressure. The main factor affecting the stability of fund could be significant change in asset mix in favor of non-government securities, increasing the credit and liquidity risks.

About the Management Company: MCB Asset Management Company Limited (MCB AMC), a wholly owned subsidiary of MCB Bank Limited (MCB) rated AA+ by PACRA, commenced operations in Feb06. MCB is the fourth largest bank in Pakistan in terms of asset size. Nishat Group, the major shareholder in MCB, is one of the distinguished business groups in Pakistan.

MCB AMC is the management company for the CMOP and has been rated ‘AM3+’ PACRA. MCB AMC is currently managing four open end mutual funds with aggregate AUM of around PKR 13.9 bln as at end Oct09.

The management team of MCB AMC consists of well qualified and experienced personnel. Mr. Yasir Qadri, the CEO and acting CIO of MCB AMC, has extensive experience in the asset management industry. The Fund Manager of CMOP, Mr. Muhammad Imran, is an MBA and has broad experience in managing fixed income portfolios.

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