



**Rating Action**

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**PACRA ASSIGNS STABILITY RATING OF “A+(f)” TO MCB DYNAMIC CASH FUND**

The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of ‘A+(f)’ (**Single A Plus - Fund Rating**) to the MCB Dynamic Cash Fund (DCF), an open-end income fund. The fund’s rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

The fund’s objective is to provide an attractive return to investors with low risk appetite while taking into account capital security and liquidity considerations. The rating reflects good credit quality of fund’s assets, mainly consisting of TFCs, TDRs and government securities. The rating also incorporates good liquidity profile of fund’s assets, which in addition to government securities, benefits from money market placements. Lately, there have been instances of non-performance in fund’s TFC portfolio, which may impact quantum and stability of returns. The remaining TFC portfolio is dominated by AA- & above rated instruments. Meanwhile, the unit holding pattern is fairly concentrated with top ten investors holding more than half of fund’s units at end-09.

Going forward, the fund anticipates reducing exposure in TFCs to 30% from current high level of 54% and subsequently increase allocation towards T-Bills and daily cash balance. The main risk factor affecting the stability of returns emanate from volatility in prices of TFCs amidst largely illiquid market for this segment; however, the fund maintains good quality TFCs. Meanwhile, any major deviations from proposed investment policy, significant change in credit quality of the assets, and sharp decline in size will be critical for fund’s rating.

**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 DCF and has been rated ‘AM2-’ by PACRA. MCB AMC is currently managing four open-end funds with aggregate AUM of around PKR 12bln as at end-Jan 10.

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

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