



**Rating Action**

Lahore (10-Jan-11)

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**PACRA MAINTAINS STABILITY RATING OF NAFA RIBA FREE SAVINGS FUND**

The Pakistan Credit Rating Agency (PACRA) has maintained stability rating of NAFA Riba Free Savings Fund (NRFSF) at **'A+ (f) (Single A plus – fund rating)**, an open-end Islamic income fund. The fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

The objective of the fund is to provide preservation of capital and earn a reasonable rate of return along with a higher degree of liquidity by investing in short-term products of Shariah compliant banks and money market. The fund's low credit risk and very strong liquidity emanates from its investment policy of maintaining majority of assets carrying a minimum credit rating of 'A-' and above, wherein these funds would be deployed mainly in term deposits and daily balances with banks. Furthermore, the remaining investments would be in a combination of Shariah Compliant Govt. Securities (primarily Govt. Ijarah Sukuks), Shariah Compliant Money Market Instruments, TDRs, and bank balances with a minimum credit rating of AA-, hence enhancing the credit profile. At the same time, the rating incorporates fund's low exposure to interest rate volatility with a low duration, whereas the maximum remaining maturity of any security in the fund other than Government Securities would not be more than 6 months.

The main factor affecting the stability of fund could be significant change in asset mix towards lower credit rated instruments increasing the credit and liquidity risks.

**About the Management Company:** NBP Fullerton Asset Management Limited (formerly National Fullerton Asset Management Limited) (NAFA) is the management company for the NRFSF and has been rated 'AM2-' by PACRA. The main sponsors of NAFA are National Bank of Pakistan and Alexandra Fund Management Pte Limited (a member of Fullerton Fund Management Group, a wholly owned subsidiary of Tamasek Holdings, Singapore). NAFA is currently managing ten mutual funds, along with two discretionary portfolios, with an aggregate AUM of around PKR 15.65bln as at end-Nov10.

The management team of NAFA consists of qualified and experienced personnel. Dr. Amjad Waheed, CFA, the CEO of NAFA, holds a Doctorate in Business Administration with majors in Finance/Investments, besides having extensive experience in the asset management industry. The fund manager of NRFSF, Mr. Usman Khan, BBA from IBA, joined NAFA in Aug09 as a Research Analyst.

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