



## Rating Action

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## PACRA ASSIGNS STABILITY RATING TO PAK OMAN GOVERNMENT SECURITIES FUND

The Pakistan Credit Rating Agency (PACRA) has assigned stability rating of 'AA(f)' (**Double A - fund rating**) to Pak Oman Government Securities Fund (POGSF), an open-end income fund investing primarily in government securities. The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

POGSF aims to generate best possible return with minimum risk, for its unit holders, by investing primarily in short-term securities and bonds issued by Government of Pakistan (GoP). The rating reflects the fund's very strong credit quality and a sound liquidity profile emanating from its current portfolio mix of above 95% investments in short-term government securities (T-bills) with current duration of 92 days. The remaining funds are placed with good credit quality banks having AA rating. POGSF was launched in Jun-11 and has built a volume of above PKR 400mln. The unit-holding pattern is concentrated with top five investors holding ~79% of the fund's net assets, with expansion in size, it is expected to dilute gradually.

Going forward, the fund intends to maintain its portfolio mix of above 70% investments in government securities, while remaining portfolio will reside in the form of placements or cash with scheduled banks having AA- or above rating, the overall duration of the fund would be kept less than 180 days. While credit and liquidity risks are minimal, the main risk emanates from the sensitivity of GoP securities to interest rate movement.

### About the Management Company

Pak Oman Asset Management Company Limited (POAMCL) is the management company for POGSF. The main sponsors of POAMCL are Pak Oman Investment Company Limited, Oman National Investment Corporation Holding, Bank Muscat, and National Logistics Cell. The company is currently managing five mutual funds with aggregate AUM of PKR 2.1bln as at end-Aug 11. The management team at POAMCL is reasonably experienced.

The CEO, Ms. Hina Ghazanfar, has been associated with POAMCL since 2007 and has worked for various domestic and foreign financial institutions previously. The fund manager, Mr. Nabeel Malik, is an MBA and joined POAMCL in 2008.

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