



The Pakistan Credit Rating Agency Limited

STABILITY RATING REPORT

Atlas Islamic Money Market Fund [CATEGORY: Islamic Money]

Date	Rating Type	Action	Rating	Outlook	Rating Watch
15-Apr-22	Stability Rating	Downgrade	AA-(f)	Stable	-
15-Oct-21	Stability Rating	Maintain	AA(f)	Stable	-
21-Apr-21	Stability Rating	Maintain	AA(f)	Stable	-
29-Jan-21	Stability Rating	Initial	AA(f)	Stable	-



FUND STABILITY REPORT

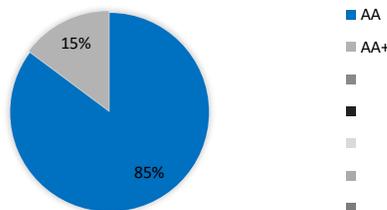
Apr-21

Atlas Islamic Money Market Fund

Fund Facts	
Fund	Atlas Islamic Money Market Fund
Fund Category	Islamic Money Market
Launch Date	14-Oct-08
Fund Size	PKR 1,283mln
AMC	Atlas Asset Management Limited
AMC Rating	AM2+
Fund Manager	Mr. Fawad Javaid
Peer Universe	Islamic Money Market

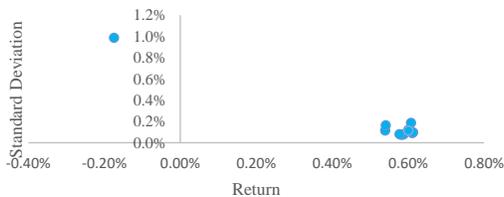
Asset Allocation Summary				
	Dec-21	Sep-21	Jun-21	Mar-21
Cash	60.3%	47.2%	44.4%	60.7%
Others	0.7%	0.6%	0.9%	0.8%
Commercial Papers	12.5%	13.9%	-	13.1%
TFC/Sukuk	-	-	-	-
Bai Mujjal	-	14.9%	41.9%	25.4%
Placement with banks	26.5%	23.4%	-	-

Credit Quality (Dec-21)



Risk

Return - Peer Standard Deviation Analysis - 1 Year



History	Dec-21	Sep-21	Jun-21	Mar-21
Fund Size (PKR mln)	1,283	1,070	637	585
Category Size (PKR mln)	177,588	163,692	181,701	147,088
Fund NAV (PKR)	500	500	500	500
Fund Dividend (PKR)	10	9	8	7
WAM (Days)	23	46	39	35
Duration (Days)	23	46	39	35

Fund's Objective
The objective of Atlas Islamic Money Market Fund (AIMF) is to provide competitive return to its investors (with a periodic payout) by investing in low risk, highly liquid and short duration portfolio consist of Shariah Compliant money market instruments.

Asset Manager (Dec-21)	
Year of Incorporation	2004
Conventional Funds	5
Shariah-Compliant Funds	5
Pension Schemes	2
CEO	M. Abdul Samad Mr.
CIO	Khalid Mahmood
AUMs	PKR 52,327mln

Re: Return Summary

FY21	AIMMF	Peer Avg.	Fund SD.*	Peer SD.*
1Q	N/A	0.5%	N/A	0.1%
2Q	N/A	0.5%	N/A	0.0%
3Q	N/A	0.6%	N/A	0.1%
4Q	N/A	0.7%	N/A	0.1%

* based on monthly returns

Performance

AIMMF|Peer Avg. | 1Yr| Dec-21 (Cumulative Monthly Returns)



Commentary

Atlas Islamic Money Market Fund (or the "Fund") reflects the Fund's low-risk profile. The Fund had allocated ~60% of its net assets in a bank rated 'AA', while ~13% in ICPs. The investment in a single bank is also giving rise to concentration risk. The overall, credit quality of the asset composition is strong, however, it was not compliant with the rating criteria during CY21. At the end Dec'21, the Fund had a duration of 23 days limiting the exposure to interest rate risk. While the WAM of the Fund was also 23 days minimizing the credit risk. The top 10 investors' concentration of the Fund, at Dec'21, was ~86%, of which ~49% are related parties, keeping redemption pressure to a low level. Further, 60% of investments in bank deposits is also providing a cushion against redemption pressure.

Going forward, the Fund is in process of diversifying its Fund's allocation by placing funds assets in Islamic window of AAA and AA+ rated banks, which would strengthen the credit quality for the assigned rating. Material changes in the Fund's asset allocation strategy, which could negatively impact the Fund's credit quality and exposure to interest rate risk, would remain critical for the rating.



Stability Ratings Explained

The Stability rating is based on a detailed quantitative assessment of fund's portfolio and qualitative assessment of fund management. It provides the investors with an objective measure as to the main areas of risk to which the income funds are exposed, which is credit risk, liquidity risk and interest rate risk.

Credit Risk

- The foremost factor is credit risk, having the highest weight in the rating matrix. The opinion is based on review of various factors, including the fund's investment policies regarding credit risk exposure towards various market segments, individual and cumulative credit quality of the investment portfolio, the diversification of assets across investment types and issuers, and weighted average maturity.

Market Risk

- The more complex part of evaluating a fund's stability involves determining the fund's sensitivity to the changing market conditions. PACRA assess market risk in the nexus of variables affecting the market value of the underlying portfolio. Market value can fluctuate due to a number of variables largely including interest rate, liquidity and operating environment.

Liquidity Risk

- The liquidity of a security refers to the speed at which that security can be sold for approximately the price at which the fund has it valued. Securities which are less liquid are subject to greater price variability. While analyzing the liquidity of investment portfolio, PACRA considers the types of investments in the portfolio, the maturity structure, and secondary market liquidity.

Historical Returns Volatility

- Funds having operational history of six-months or more, the variability in returns is gauged on standardized basis through coefficient of variation for each fund in a category. The coefficient of variation is calculated by dividing standard deviation of fund's monthly returns by average monthly return (SD of Monthly Returns/Average Monthly Return).

Asset Manager

- Management scoring is derived from the asset manager rating of the company managing the fund. PACRA reviews the policies and procedures developed by the management to meet its investment objectives. Therefore, an assessment of the fund manager's qualification and experience, asset management company's capabilities and track record are an integral part to the fund rating process.

FUND STABILITY RATING SCALE

Symbols	Definitions
AAA(f)	An exceptionally strong capacity to maintain relative stability in returns and possesses negligible exposure to risks.
AA+(f) AA(f) AA-(f)	A very strong capacity to maintain relative stability in returns and possesses low exposure to risks. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions.
A+(f) A(f) A-(f)	A fund with stable performance generally in line with its peers with strong capacity to respond to future opportunities or stress situations.
BBB+(f) BBB(f) BBB-(f)	An adequate capacity to maintain relative stability in returns and possesses high exposure to risks. This capacity may be impacted adversely by changes in circumstances or in economic conditions.
BB+(f) BB(f) BB-(f)	A low capacity to maintain stability in returns and possesses very high exposure to risks.
B(f)	A very low capacity to maintain stability in returns and possesses very high exposure to risks.
<i>The fund stability rating scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings</i>	

Rating Watch

Alerts to the possibility of a rating change subsequent to, or in anticipation of some material identifiable event. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled.

Rating Outlooks

Indicates the potential and direction of a rating in response to a) trends in economic and/or fundamental business/financial conditions and/or deviation from expected trend. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Disclosure

Name of Fund	Atlas Islamic Money Market Fund
Sector	Mutual Fund
Type of Relationship	Solicited
Purpose of the Rating	Stability Rating
Applicable Criteria	Stability Rating Methodology – June-21
Related Research	Sector Study Mutual Funds Stability Ratings – Apr-21
Rating Analysts	Wajeeha Asghar Wajeeha.asghar@pacra.com

Regulatory and Supplementary Disclosure**Rating Team Statements**

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

(2) Conflict of Interest

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)

ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)

iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)]

Explanation: for the purpose of above clause, the term “family members” shall include only those family members who are dependent on the analyst and members of the rating committee Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5) (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)

(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)

(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report |

(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)

(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)

(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)

(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity

(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)

(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)

(15) PACRA ensures that the rating assigned to an entity or instrument is not affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)

(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)

(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

(18) PACRA does not monitor Stability Rating on continuous basis. Any potential change therein due to any event associated with the fund is incorporated in next review; | Chapter III | 18-(a)

(19) PACRA reviews all outstanding ratings on semi-annual basis | Chapter III | 18-(b)

Proprietary Information

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