



Rating Action

Lahore : 26-Mar-2013

Analyst

Muhammad Siddiq
(+92-42-35869504)
muhammad.siddiq@pacra.com
www.pacra.com

PACRA SUSPENDS ASSET MANAGER RATING OF DAWOOD CAPITAL MANAGEMENT

The Pakistan Credit Rating Agency (PACRA) has suspended its asset manager rating opinion ["AM3-" (AM Three Minus)] on Dawood Capital Management Limited (DCML).

Securities and Exchange Commission of Pakistan (SECP) has recently cancelled business licenses of DCML. It has also directed the trustees of three mutual funds being managed by DCML [1) Dawood Income Fund, 2) Dawood Islamic Fund, 3) First Dawood Mutual Fund] to revoke/extinguish the said funds in the interest of the unit holders.

These actions of SECP, inter-alia, are based on findings that the management used privileged information in a manner that was detrimental to unit holders. DCML was placed in the bottom quartile of rated asset managers universe in Pakistan. PACRA has regularly highlighted the absence of a strong control environment; desiring improvements in the company's systems and controls.

DCML's management intends to appeal against SECP's decision. PACRA would monitor related developments and revive its opinion as and when clarity emerges as to operations of DCML.

Applicable Criteria and Related Research

- Asset Manager Rating Methodology

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.