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Applicable Criteria

- Methodology | Fund Stability Rating (Jun 17)

Related Research

- Sector Study | Mutual Funds (May 18)

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PACRA Maintains Stability Rating of Faysal Income and Growth Fund

| Rating Type | Stability Rating | |
|---------------------|-----------------------|------------------------|
| | Current (20-Jun-2018) | Previous (12-Jul-2017) |
| Action | Maintain | Maintain |
| Long Term | A(f) | A(f) |
| Short Term | | - |
| Outlook | Stable | Stable |
| Rating Watch | - | - |

The fund's investment objective is to generate optimal returns by investing in a diversified mix of short term and long term government securities and other debt instruments.

The rating reflects fund's strong credit quality and robust liquidity profile. At end-Dec 17, fund's exposure with bank placements was 72%. The majority of the exposure was with banks rated 'AA-' (i.e. 23%), while an exposure with 'A+' rated banks was 42%. The remaining assets of ~27% were invested in TFCs / sukuks with rating 'A+' and above. The unit holding pattern of the fund is highly concentrated with top10 investors representing 76% of the fund's assets, (of which ~2% are owned investments) which exposes the fund to a high level of redemption pressure.

Going forward, the fund intends to maintain its exposure towards debt instruments. The remaining assets of the fund will be placed with banks rated 'AA-' and A+. Material changes in the fund's asset allocation strategy, which could negatively impact the fund's credit quality and exposure to interest rate risk, remain critical for the rating.

About the Entity

Faysal Asset Management Limited (FAML) was incorporated in 2003 as an unlisted public limited company under company's ordinance, 1984. The major shareholder of FAML is Islamic Investment Company of the Gulf (Bahamas) Ltd (50% stake), followed by Faysal Bank Limited (30% stake). Mr. Razi Ur Rahman Khan, a director of FAML, holds the remaining 20% stake in FAML. Presently, the company is managing a diversified portfolio of nine open-end funds, with combined AUMs of PKR 8.2 billion at end-Dec'17

The CEO, Mr. Razi-ur-Rahman Khan has extensive experience in banking, mutual funds management, equity brokerage and private equity investment.

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