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Analysts

Shahzaib Khalid
shahzaib.khalid@pacra.com

Muhammad Usman
muhammad.usman@pacra.com

+92-42-35869504
www.pacra.com

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 Savings Growth Fund

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

The investment objective of the fund is to earn competitive returns by investing mainly in a mix of short-term to long-term government securities and other debt instruments, having an investment grade credit rating.

The rating reflects fund's strong credit quality and sound liquidity profile. At end-Dec- 17, the portfolio is primarily invested in short-term government securities (T-bills: 4%). The remaining assets of 58% are invested in daily cash balances and bank placements with the majority of the portion in 'AAA' & 'AA+' rated banks and 32% in good quality TFCs with 'AA' and above credit rating. The unit holding pattern of the fund is highly concentrated with top10 investors representing 64% of the fund's assets, of which ~28% are owned investments, which exposes the fund to the low level of redemption pressure

Going forward, the fund intends to maintain exposure in government securities, margin trading system (MTS), corporate debt securities and cash balances. The rating is contingent upon the fund's interest rate sensitivity and volatility in prices of TFCs in case of exposure to low rated instruments. Material changes in the fund's asset allocation strategy, which could negatively impact the fund's credit quality and exposure to interest rate risk, remains 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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