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Applicable Criteria

- Methodology | Fund Stability Rating (Jun 17)

Related Research

- Sector Study | Mutual Funds (Oct 16)

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PACRA Maintains Stability Rating of Lakson Money Market Fund

Rating Type	Stability Rating	
	Current (12-Jul-2017)	Previous (09-Dec-2016)
Action	Maintain	Maintain
Long Term	AA(f)	AA(f)
Short Term	-	-
Outlook	Stable	Stable
Rating Watch	-	-

The investment policy of the fund is to earn reasonable rate of return by constructing a highly liquid portfolio of treasury bills, money market placements, and deposits with scheduled banks.

The rating reflects the fund's low credit risk profile emanating from its portfolio allocation towards low risk avenues. At end-May17, government securities formed 90% of the fund's net assets, while 10% of the fund's assets were placed with banks having credit rating of 'AA+'. The fund carries average duration of 47 days and average exposure of 90% in Government Securities in May-17. Fund carries high redemption risk as the unit holding pattern of the fund is highly concentrated, with the top 10 investors representing 80% of the fund's net assets as at May-17.

Going forward, the rating remains dependent on maintaining exposure with high credit quality financial institutions with portfolio duration not exceeding 90 days. Meanwhile, the remaining assets of the fund must be placed with scheduled banks having credit ratings 'AA' and above. PACRA would monitor compliance against agreed parameters on monthly average basis.

About the Entity

Incorporated in January 2009, Lakson Investments (LI) is the investment management arm of Lakson Group, wholly owned through Siza Services (Private) Limited. Lakson Group has interests in multiple sectors including agri-business, consumer non-durables, fast food, information technology, insurance, media, paper & packaging, surgical instruments, and travel. The company is currently managing six open-end funds - covering Equity, Money Market, Income and Asset Allocation categories - with assets under management of PKR 16bln at end-May17. The company is currently managing 45 SMAs mandates amounting to ~ PKR 12bln.

The eight-member BoD comprises four independent directors and four executives of group companies. The Chairman of Lakson Group, Mr. Iqbal Ali Lakhani, is the Chairman of LI's board. The CEO, Mr. Babar Ali Lakhani, has vast investment management experience in local and foreign markets. Mr. Kashif Mustafa (COO), reports directly to the CEO, who is supported by ten departments consisting of Risk, Compliance, Investment, Research, Finance, Business Development, Marketing, IT, Operations and Admin.

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.