



## Rating Action

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## PACRA Maintains Stability Rating of Lakson Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Lakson Income Fund (LIF), an open-end income fund, at 'A+'(f) (Single A Plus ; fund rating). The fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

The fund's mandate is to earn a reasonable rate of return by investing in a diversified portfolio of government securities and low risk short term debt investments.

The rating incorporates the fund's strong credit quality and sound liquidity profile, emanating from the fund's current portfolio composition. At end-Dec14, the net assets of the fund largely comprised government securities (PIBs: 49%, T-bills: 26%). The remainder of assets were invested in high rated TFCs ('AA' and above) from the financial sector along with placements with good quality commercial banks. The unit holding pattern of the fund is highly concentrated with the top10 investors representing 78% of the fund's assets. The higher unit holder concentration keeps the fund to redemption pressure.

Going forward, the fund intends to maintain its investments government securities (PIBs & T-bills) and increase exposure in good quality debt instruments. The main risk factors affecting the stability of returns emanates from sensitivity of TFCs to changes in economic environment. Material changes in the fund's asset allocation strategy; including change in TFCs mix towards low rated instruments, which could negatively impact the fund's credit, remains critical for the rating.

### About the Management Company:

Incorporated in January 2009, Lakson Investments (LI) is the investment management arm of Lakson Group, wholly owned by Siza Services (Private) Limited. Lakson Group has interests in multiple sectors including fast food, information technology, insurance, media, paper & board manufacturing, printing & packaging, surgical instruments and textile. The company is currently managing six open-end mutual funds - covering Equity, Money Market, Income and Asset Allocation categories - with assets under management of PKR 10.6bln at end-Dec14. The company is also managing discretionary portfolios of PKR 5.2bln.

The CEO, Mr. Babar Ali Lakhani, has vast investment management experience in local and foreign markets. The Head of Fixed Income, Mustafa O. Pasha, CFA, has over seven years of experience in the domestic mutual fund industry.

### Applicable Criteria and Related Research

- Fund Stability Rating Methodology

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