



## Rating Action

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## PACRA Maintains Stability Rating of Lakson Money Market Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of Lakson Money Market Fund (LMMF), an open-end money market fund, at 'AA (f)' (Double A ; fund rating). The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

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 risk profile emanating from its portfolio allocation towards low risk avenues. At end-Dec14, government securities formed 35% of the fund's net assets while remaining assets were placed with financial institutions having very strong credit quality ('AA' and above). The fund carried duration of 88 days at end-Dec14. The unit holding pattern of the fund is highly concentrated, with the top 10 investors representing 75% of the net assets making the fund vulnerable to redemption pressure.

Going forward, the rating remains dependent on maintaining at least 25% allocation towards government securities 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 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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