



Date

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Analyst

Shahzaib Khalid
shahzaib.khalid@pacra.com

+92-42-35869504
www.pacra.com

Applicable Criteria

- Methodology | Stability Rating (Jun 18)

Related Research

- Sector Study | Mutual Funds | Stability (Nov 18)

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PACRA Maintains Stability Rating of Lakson Income Fund

Rating Type	Stability Rating	
	Current (24-Apr-2019)	Previous (29-Nov-2018)
Action	Maintain	Maintain
Long Term	A+(f)	A+(f)
Short Term		-
Outlook	Stable	Stable
Rating Watch	-	-

The investment objective of the Lakson income fund is to provide competitive total return through investment in a diversified portfolio of fixed income securities. Investments will be made in a variegated mix of short term, medium term and longer term maturities depending on the assessment by the investment team of interest rate trends and prospective returns.

The rating reflects the fund's credit quality and liquidity profile emanating from sizable allocation of assets in daily cash balances. At end Dec-18, the portfolio comprised cash balances (61%) with majority of exposure in 'AA+' and 'AA-' rated banks. The remaining assets of the fund were invested in TFCs (20%), PIBs (4%) and other bank placements. The unit holding pattern of the fund is highly concentrated with the top ten investors representing ~85% of portfolio making the fund vulnerable to redemption pressure.

Going forward, the fund intends to maintain exposure in cash, some part of investment in TFCs having good credit quality. 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

Lakson Investments Limited, the investment management company of the Lakson Group, was incorporated on January 02, 2009 as an un-listed public company. It is licensed to undertake Asset Management and investment advisory services. The company has recently acquired the license to launch private equity and venture capital funds. The company's control vests in eight-member board, comprising three non-executives of group companies, one executive and four independent directors. The Chairman of the Lakson Group, Mr. Iqbal Ali Lakhani, is the chairman of Lakson Investment's board. The company is currently managing six open-end funds in diversified categories with an aggregate AUM base of ~PKR 19.6 billion at end Dec-18. The investment advisory portfolio has ~PKR 12.2 billion assets under management at end Sep-18.

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.