



Rating Action

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ASSET MANAGEMENT INDUSTRY: PACRA’S UNIVERSE LARGELY RESILIENT TO THE CURRENT CHALLENGES

Asset management industry in Pakistan is currently passing through a challenging phase due to pressures in the operating environment, impacting both the capital and money markets. As a consequence, it has witnessed significant reduction in size, erosion of investments’ value, and temporary suspension of redemptions. PACRA has recently reviewed its entire universe of asset manager ratings in view of the current circumstances.

The asset manager ratings aim to define and rank the relative fund management capabilities of the asset management companies in Pakistan. The analysis is based on assessment of the quality of management, strength of the support systems, effectiveness of the investment policies, control procedures and risk management systems, and efficiency of the client relationship management. The asset manager’s ability to generate adequate revenues to support the requisite infrastructure is also given due weightage. Meanwhile, the resources at the asset manager’s disposal and support from the reference shareholders complement this ability. The relative performance of funds under management is also taken into consideration while making this assessment.

PACRA’s review reveals that a large number of asset managers in its rating universe have maintained their relative asset management capabilities in terms of the attributes mentioned above, while a few have shown better resilience to the difficult circumstances compared to peers. While pressure on the industry’s growth prospects is not expected to subside in near-term, comfort can be drawn from the fact that majority of the asset management companies have sound financial profile and are sponsored by strong business houses, including leading commercial banks.

However, there are also some players, which showed weaknesses in investment management abilities and failed to meet redemption claims on time. Consequently their relative standing amongst peers was adversely impacted. Accordingly, while maintaining ratings of a large proportion of its rating universe, PACRA has also made certain adjustments, both in upward and downward directions.

Asset Manager	Rating Action	New	Previous	Outlook
JS Investments Limited	Maintain	AM2+	AM2+	
Arif Habib Investment Management Limited	Maintain	AM2	AM2	
National Investment Trust Limited	Maintain	AM2-	AM2-	
MCB Asset Management Company Limited	Maintain	AM3+	AM3+	Positive
Atlas Asset Management Limited	Maintain	AM3+	AM3+	Negative
IGI Funds Limited	Upgrade	AM3	AM3-	
Alfalah GHP Investment Management Limited	Maintain	AM3	AM3	
Askari Investment Management Limited	Maintain	AM3	AM3	
Habib Asset Management Limited	Maintain	AM3-	AM3-	
Dawood Capital Management Limited	Downgrade	AM4+	AM3	
First Capital Investments Limited	Maintain	AM4+	AM4+	
Alliance Investment Management Limited	Maintain	AM4-	AM4-	