



## Rating Action

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## PACRA UPGRADES ASSET MANAGER RATING OF DAWOOD CAPITAL MANAGEMENT LIMITED

The Pakistan Credit Rating Agency (PACRA) has upgraded the asset manager rating of Dawood Capital Management Limited (DCM) to '**AM3-**' (**AM Three Minus**) [Previous: AM4+]. The rating denotes high Investment management industry standards and benchmarks.

The rating reflects DCM's experienced management team and adequately structured investment process, adequately taking care of relatively small, though expanding, size of funds and scale of operations. However, unit holder concentration in AUM is still high. The company has taken various steps to improve efficacy of business functions such as research and investor services platform by deploying requisite resources. Moreover, DCM has enhanced the quality of its decision making framework with expanded investment committee and representation of related functions on IC. At the same time, DCM has achieved operational break-even, attributed to cost rationalization and relative improvements in assets under management and lately funds' performance. This is expected to provide financial space to establish its distribution network and further strengthen overall operational framework.

The rating is dependent on effective execution of DCM's business plan in order to ensure consistent growth in AUMs, enabling the company to upgrade its system & controls in a consistent manner. Moreover, sustainability in the underlying performance of funds remains critical.

### About the Management Company

Dawood Capital Management Limited (DCM), a First Dawood Group (FDG) company, started asset management business in 2003. Majority holding in DCM is held by FDG (48%) through group companies (31%) and family members (17%). The other major shareholder is Bank of Khyber (15%).

DCM has three funds under management - Dawood Income Fund, Dawood Islamic Fund & First Dawood Mutual Fund. The company had net assets of around PKR1.32bln at end-Jul11. The Board of DCM comprises seven members including the CEO - one representing the FDG holding executive position in group company, one nominee from National Investment Trust & Bank of Khyber each and an independent director. Two seats are vacant and appointment of the same is under process. The CEO, Ms. Tara Uzra Dawood, a member of Dawood family, is a Harvard law graduate.

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