



The Pakistan Credit Rating Agency Limited

Rating Report

AL Habib Asset Management Limited

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Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
12-Aug-2025	AM1	-	Stable	Maintain	-
12-Dec-2024	AM1	-	Stable	Upgrade	-
12-Aug-2024	AM2++	-	Stable	Upgrade	-
12-Aug-2023	AM2+	-	Stable	Maintain	-
12-Aug-2022	AM2+	-	Stable	Upgrade	-
15-Sep-2021	AM2	-	Stable	Maintain	-
15-Sep-2020	AM2	-	Stable	Maintain	-
26-Jun-2020	AM2	-	Stable	Upgrade	-
26-Dec-2019	AM3+	-	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

The rating assigned to AL Habib Asset Management Limited ("AHAML" or the "AMC") reflects its solid position within the country's asset management industry. This strong standing is supported by a well-structured and disciplined investment process, a sound governance framework, and a highly experienced and qualified management team. The AMC also benefits from its strategic association with Bank AL Habib Limited, one of the largest and most reputable banks in the commercial banking industry, which provides a significant competitive advantage through operational integration, brand trust, and distribution outreach. As of June 2025, AHAML's market share increased to 7%, compared to 6% in the same period last year, reflecting consistent growth in its Assets Under Management (AUM). This improvement in market penetration has primarily been driven by the robust growth of its fixed income and money market offerings. At the same time, the AMC is making deliberate efforts to strengthen its presence in the equity fund category. Performance in the equity segment has remained well above the industry, with equity funds delivering strong returns over the trailing twelve-month period ending June 2025. This strong performance has helped enhance overall investor confidence. The AMC has made meaningful progress in expanding its retail investor base; approximately 33% of AUM originates from retail clients, while 67% comes from institutional and corporate clients. This mix reflects both the stickiness of retail funds and the depth of institutional relationships. As of June 2025, the average concentration of the top 10 investors in the total AUM was recorded at 40%, whereas related party holdings stood at a moderate 7%, indicating a reasonably diversified investor base.

From a financial perspective, AHAML's total revenue increased by approximately 69% year-over-year to PKR 552.4mln, up from PKR 271.7mln in the corresponding period last year. This surge in topline was primarily fuelled by a 103% growth in management fee income, reflecting increased fund size and better market traction. In line with the revenue growth, the net profit rose substantially by ~195% to PKR 323.7mln (SPLY: PKR 109.6mln), demonstrating improved profitability and operational leverage.

Going forward, enhanced market penetration driven by a strengthened retail presence through digital channels and consistent fund performance will be critical. Additionally, monitoring and addressing the concentration level will remain a focus.

Disclosure

Name of Rated Entity	AL Habib Asset Management Limited
Type of Relationship	Solicited
Purpose of the Rating	Asset Manager Rating
Applicable Criteria	Methodology Rating Modifiers(Apr-25),Assessment Framework Asset Manager Rating(Jul-25)
Related Research	Sector Study Asset Management Companies (AMCs)(Mar-25)
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The Pakistan Credit Rating Agency Limited

Asset Management Companies (AMCs)

Profile

Structure AL Habib Asset Management Limited ("AHAML" or the "AMC"), was incorporated in 2005, as an unlisted public limited company. AHAML is licensed to carry out Asset Management and Investment Advisory services under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003.

Background The AMC is the financial arm of Bank AL Habib Limited (a AAA-rated bank) and Habib Group. It manages a range of Open-end Schemes across all broader categories and various discretionary and non-discretionary portfolios.

Market Share The AMC is among the fastest-growing Asset Management Companies in the industry, with Assets Under Management (AUM) witnessing substantial growth of approximately 67% since June 2024, capturing a 7% market share as of the end of June 2025.

Diversification Of Fund Mix The AMC is currently managing a product slate of twelve open-end funds in multiple categories, two pension funds, and Separately Managed Accounts under discretionary mandate and non discretionary mandates.

Investor Concentration As of Jun'25 the top 10 investors concentration remains at 40%. While the related party holdings were 7%.

Ownership

Ownership Structure The AMC is wholly owned subsidiary of the Bank AL Habib Limited (the "Bank").

Business Acumen The AMC's sponsor, Bank AL Habib, is one of the prominent banks in the commercial banking sector. The Bank has a widespread network of more than 1,225 branches all across Pakistan. The strong presence of sponsors in the financial sector is beneficial for the AMC.

Financial Strength Bank AL Habib holds a long-term credit rating of AAA and a short-term rating of A1+. As of Dec'2024, the Bank reported equity of PKR 151.9bln and a profit after tax (PAT) of PKR 39.8bln. Historically, the Bank has demonstrated a strong capacity to extend support when required.

Governance

Board Structure The Board of Directors currently consists of six members, including the CEO. The composition includes three non-executive directors, two independent directors, and one executive director.

Members' Profile **Mr. Abbas D. Habib** serves as the Chairperson of the Board and also holds the position of Chairperson at Bank AL Habib Limited. He is a Fellow Member of the Institute of Bankers Pakistan and brings over 40 years of extensive experience. **Mr. Mansoor Ali**, a non-executive director with 30 years of experience, is currently the CEO of Bank AL Habib. **Mr. Imran Azim**, a non-executive director, holds an MBA in Finance and brings over 30 years of experience in the Mutual Fund Industry.

Board Effectiveness The Board actively provides strategic guidance and oversight, supporting the AMC in its smooth operations. It has established Audit and HR Committees to monitor and ensure compliance with relevant activities and processes effectively.

Transparency KPMG Taseer Hadi & Co. an 'A' category SBP-approved auditor, issued an unmodified audit report for the year ended December 31, 2024, affirming the financial statements present a true and fair view with no material misstatements.

Management

Organizational Structure The AMC operates under a well-structured and formalized organizational framework comprising eight departments: i) HR and Administration, ii) Compliance and Risk Management, iii) Business Development, iv) Investments and Research, v) Information Technology, vi) Finance, vii) Internal Audit, and viii) Operations. The reporting lines within the organization are clearly defined and segregated to ensure efficiency and accountability.

Management Team The CEO, **Mr. Kashif Rafi**, holds an MBA in Finance from IBA and has established track record in the AMC industry spanning over 20 years senior level positions in top AMCs. The COO, **Mr. Zahid Hussain Vasnani**, is a Professional Accounting Affiliate from ICAP. He has vast experience in financial services and capital markets. They are supported by a qualified and experienced team. The CFO, **Mr. Abbas Qurban** is Fellow member of Institute of Cost & Management Accountants (ICMAP) and Pakistan Institute of Public Finance Accountants (PIPFA).

Technology Infrastructure The AMC has procured Asset Connect, a widely used IT system in the asset management industry. The software is integrated and comprises basic modules: (1) Unit Holder Module, (2) Portfolio Module, and (3) General Ledger (GL) Module.

Control Environment The AMC has devised detailed policies for IT, operations, research and risk management. The AMC uses excel based models to monitor the exposure limits and margins.

Investment Risk Management

Credit Risk To monitor credit risk, internal assessment modules are in place with a combination of qualitative and quantitative analysis. Excel based credit risk scorecards are being used to provide statistical estimates for counter party credit risk.

Liquidity Profile The risk management department monitors the liquidity profile of the AMC. Sufficient liquidity is maintained by investing a significant portion of funds in liquid avenues.

Market Risk The AMC has set appropriate metrics to measure exposure to market risk factors. Excel-based financial models are being used to measure the sensitivity of the portfolio instruments due to movements in interest rates.

Portfolio Management

IC Composition The AMC's investment committee comprises of eight members including the CEO, COO, Risk Officer, Research officer, Head of equity, Head of fix income and three Fund Managers.

Effectiveness The IC formally meets on fortnightly basis in order to take investment decisions. The composition and performance of the IC is considered adequate. Further strengthening of investment process for consistent fund performance is important.

Investment Research And Analysis The research department of the AMC only comprises of the research officer. The research function is presided over by the CEO. The department uses excel based models for equity valuation.

Customer Relationship

Investor Services The AMC offers quality services and has introduced an online chat and redemption module to assist investors with queries, guidance, complaints, and seamless online transactions.

Investor Reporting The AMC timely publishes FMRs on its website, which also serves as a reporting platform for sharing information on the AMC, management, NAV history, fund performance, product details, and key announcements.

Distribution And Sales Network The AMC has a modest sales network and aims to expand its outreach by leveraging Bank AL Habib's extensive branch network, which will be key to enhancing visibility, AUM growth, and market share.

Performance

Asset Under Management AL Habib Asset Management Limited's AUM's increased by 67% to PKR 252bln at end Jun'25 (Jun'24: PKR 151.6bln). This growth is predominantly driven by both conventional and Islamic money market categories. Diversifying fund slate to reduce dependence on single fund will be critical. The majority of the funds performed better than the benchmarks and industry averages.

Asset Manager The core income has shown an increase and recorded at PKR 607mln during 3MCY25 (3MCY24: PKR 300mln). The AMC recorded a net profit of PKR 1.5bln for CY24 (CY23: 549mln), while profit for 3MCY25 stood at PKR 403mln, compared to PKR 197mln in the same period last year (3MCY24). The AMC's equity stood at PKR 3,367mln at end March'25 (March'24: PKR 1,671mln), comfortably meeting the minimum regulatory capital requirement of PKR 230mln.

Fund's Performance Al Habib AMC Limited												
Sr. No.	Fund Name	Category	Launch Date	Weight (%)	AUMs (PKR' mln)				Return Rolling 12 Months (Jun'25-Jun'24)			Stability Rating/Performance Ranking
					Jun-25	Mar-25	Dec-24	Sep-24	Return	Benchmark	Fund vs. Benchmark	
Conventional Funds												
1	AL Habib Cash Fund	Money Market	10 March, 2011	19.9%	50,373	95,571	105,569	47,692	14.6%	13.9%	0.7%	AAA
2	AL Habib Money Market Fund	Money Market	20 December, 2021	33.9%	85,764	42,113	54,010	19,287	14.4%	13.9%	0.5%	AAA
3	AL Habib Income Fund	Income	02 June, 2007	9.8%	24,878	9,989	17,856	9,813	15.4%	13.8%	1.7%	AA
4	AL Habib Asset Allocation Fund	Asset Allocation	08 November, 2017	0.1%	304	234	315	116	69.4%	47.5%	21.9%	
5	AL Habib Stock Fund	Equity	10 October, 2009	2.0%	4,940	3,830	3,320	2,020	81.2%	64.2%	17.0%	
6	AL Habib Government Securities Fund	Income	13, July 2023	4.6%	11,580	30,483	40,046	25,068	15.7%	13.7%	2.0%	AAA
7	AL Habib Pension Funds	Pension		0.7%	1,796	1,524	1,362	1,071				
8	Al Habib Fixed Return Fund Plan											
8 (i)	AL Habib Fixed Return Fund Plan 15	Fixed Rate / Return	15, October 2024	0.0%		547	533		-	-	-	-
8 (ii)	AL Habib Fixed Return Fund Plan 16	Fixed Rate / Return	28, August 2024	0.0%		9,040	8,913	8,544	-	-	-	-
8 (iii)	AL Habib Fixed Return Fund Plan 18	Fixed Rate / Return	25 February, 2025	0.0%		9,415			-	-	-	-
8 (iv)	AL Habib Fixed Return Fund Plan 19	Fixed Rate / Return	05 March, 2025	0.0%	81	68			-	-	-	-
8 (v)	AL Habib Fixed Return Fund Plan 20	Fixed Rate / Return	05 March, 2025	0.7%	1,855	1,710			-	-	-	-
8 (vi)	AL Habib Fixed Return Fund Plan 21	Fixed Rate / Return	05 March, 2025	0.2%	502	618			-	-	-	-
8 (ix)	AL Habib Fixed Return Fund Plan 22	Fixed Rate / Return	21 May, 2025	0.8%	2,135				-	-	-	-
9	AL Habib Sovereign Income Fund Plan											
9 (i)	AL Habib Sovereign Income Fund Plan 1 (Launch date: Jun'25)	Sovereign Income	03, June 2025	0.0%	101							
9 (ii)	AL Habib Sovereign Income Fund Plan 2 (Launch date: Jun'25)	Sovereign Income	19, June 2025	0.0%	100							
9 (iii)	AL Habib Sovereign Income Fund Plan 3 (Launch date: Jun'25)	Sovereign Income	19, June 2025	0.0%	100		-	-	-	-	-	-
				73%	184,509	205,142	231,924	113,611	-	-	-	-
Shariah Complaint Funds												
10	Al Habib Islamic Cash Fund	Money Market	20 December, 2021	11.9%	30,201	19,025	11,576	16,246	13.5%	9.9%	3.6%	AA+
11	Al Habib Islamic Income Fund	Income	23 January, 2017	7.6%	19,234	23,472	21,909	13,280	14.1%	10.4%	3.8%	AA
12	Al Habib Islamic Savings Fund	Income	20 December, 2021	5.2%	13,168	27,203	27,400	21,016	14.1%	10.4%	3.7%	AA
13	AL Habib Islamic Stock Fund	Equity	01 April, 2017	2.3%	5,745	7,239	685	1,310	72.9%	46.2%	26.6%	-
Sum				27.0%	68,348	76,939	61,570	51,852				
Grand Total				100%	252,857	282,081	293,494	165,463				

Asset Manager Rating

An independent opinion on an Asset Manager's expertise, quality of financial services, and potential vulnerability to investment management and operational challenges

Scale	Definition
AM1	Very high quality. Asset manager meets or exceeds the overall investment management industry best practices and highest benchmarks.
AM2++ AM2+ AM2	High quality. Asset manager meets the overall investment management industry standards and benchmarks with noted strengths in several of the rating factors.
AM3++ AM3+ AM3	Good quality. Asset manager meets investment management industry standards and benchmarks.
AM4++ AM4+ AM4	Adequate quality. Asset manager demonstrates an adequate organization that meets key investment management industry standards and benchmarks.
AM5	Weak. Asset manager does not meet minimum investment management industry standards and benchmarks.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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Rating Team Statements

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) Conflict of Interest

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term “family members” shall include only those family members who are dependent on the analyst and members of the rating committee

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- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
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- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
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- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA’s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers’ associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
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- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

Probability of Default

(22) PACRA’s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA’s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA’s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

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