



The Pakistan Credit Rating Agency Limited

Rating Report

Lakson Investments Limited

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Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
22-Aug-2025	AM2+	-	Positive	Maintain	-
23-Aug-2024	AM2+	-	Stable	Maintain	-
25-Aug-2023	AM2+	-	Stable	Maintain	-
26-Aug-2022	AM2+	-	Stable	Maintain	-
27-Aug-2021	AM2+	-	Stable	Maintain	-
28-Aug-2020	AM2+	-	Stable	Maintain	-
29-Aug-2019	AM2+	-	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

Lakson Investments Limited ("LIL" or the "AMC") is a multi-service asset manager with unmatched expertise in private equity and venture capital, setting it apart from other industry players. Alongside a comprehensive slate of Collective Investment Schemes, the AMC has long provided advisory services to associated mandates. It has also obtained a VPS license and plans to launch its VPS offering in the coming months. The AMC's association with the Lakson Group—a leading Pakistani conglomerate with diversified expertise in manufacturing, food, technology, and financial services—adds further strength and stability to its assigned rating. The AMC is characterized by a well-defined organizational structure, rigorous risk management practices, seasoned leadership, and a suite of innovative products. As part of its strategy, the AMC primarily focuses on large corporates and high-net-worth individuals, who account for around 80% of the total portfolio. While corporate clients represent long-term investors, contributing to a relatively high concentration level, this concentration is gradually easing as the customer base continues to expand. During FY25, the average AUMs under CIS stood at around average PKR 60 billion, while total AUMs across the entire portfolio—including CIS, SMA, PE, and VC—were reported at average ~PKR 188 billion. Wherein Separately Managed Accounts expanded to PKR 120 billion. However, the market share of the AMC under CIS stayed stable at around 2% during FY25. While under SMA, it stood at 16% at end Dec'24. The fund performance under the majority of the funds, including SMAs, remained above the benchmarks. Specialized Funds: The Private Equity and Venture Capital funds have demonstrated strong performance. The Private Equity Fund, focused on the healthcare sector, reported AUMs of PKR 4.5 billion as of FY25 and has now entered the exit phase. A successful exit would mark a significant achievement for the AMC. The Venture Capital Fund, which invests in early-stage tech startups, had a portfolio valued at PKR 3.3 billion and has committed to multiple ventures through shareholder and SAFE agreements. The investment processes are systematically designed to cater to the needs of institutional and high-net-worth clients, which has resulted in comparatively lower focus on the retail segment, keeping institutional clientele dominant. Looking ahead, in light of the rapidly evolving digital landscape, greater digital penetration and strengthening of the retail base will be encouraged to support the rating.

The rating remains dependent on the AMC's capacity to expand market penetration, uphold strong fund performance, preserve a sound investment framework, and effectively manage investor concentration risks.

Disclosure

Name of Rated Entity	Lakson Investments Limited
Type of Relationship	Solicited
Purpose of the Rating	Asset Manager Rating
Applicable Criteria	Methodology Rating Modifiers(Apr-25)
Related Research	Sector Study Asset Management Companies (AMCs)(Mar-25)
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Asset Management Companies (AMCs)

Profile

Structure Lakson Investments Limited ("LIL" or the "AMC") was incorporated as an unlisted public company in 2008.

Background Lakson Investments was registered as an asset management company in January 2009 and started its operations in November 2009. The AMC is also managing Private Equity and Venture Capital Funds in addition to managing Collective Investment Schemes and Separately Managed Accounts across 7 unique and open-ended mutual funds. Over time, it has demonstrated notable progress, delivering strong performance and showcasing risk management expertise across a diverse portfolio of innovative investment products.

Market Share The AMC's market share stood at ~2% (Jun'24: 2%). AUMs stood at PKR 59bln as of Jun'25 (March'25: PKR 58bln); however, the AMC managed to maintain the market share the same level as of Mar'25.

Diversification Of Fund Mix The AMC's product suite includes seven open-end funds spanning all major categories, asset allocation, equity, income, Shariah-compliant asset allocation, and money market, along with a Private Equity Fund and a Venture Capital Fund, asset classes that play a pivotal role in supporting Pakistan's evolving investment landscape.

Investor Concentration As of end-Jun'25, the top ten investors in the Collective Investment Scheme (CIS) accounted for around 61% of total assets under management. The AMC's client base remains predominantly institutional, representing 85% of total AUMs, while retail investors contribute the remaining 15%.

Ownership

Ownership Structure The AMC is a wholly owned subsidiary of the Lakson Group of Companies.

Business Acumen Lakson Group was established in 1954 and is owned by the Lakhani family. It is among the leading business conglomerates in Pakistan and has interests in multiple sectors, including financial services, paper and board manufacturing, printing and packaging, media, agri-business, consumer non-durables, fast food, information technology, surgical instruments and travel. The Group has long-standing affiliations with several Global Fortune 500 companies.

Financial Strength Lakson Group has robust financial standing as reflected by its diversified profitable businesses. Lakson's four publicly quoted companies have an aggregate market cap exceeding USD 1 billion.

Governance

Board Structure The control of the AMC vests in Board members, including the CEO. The presence of independent directors reflects well on the governance framework.

Members' Profile The AMC's Board is chaired by Mr. Iqbal Ali Lakhani, who is also the Chairman of the Lakson Group. He holds extensive experience of over five decades in consumer marketing, finance, the manufacturing industry and government relations. Board members carry diversified experiences (34 Years on average) in different business areas.

Board Effectiveness To ensure an effective control environment and compliance with reporting standards, the AMC has constituted an Audit Committee and HR Committee at the Board level. The Board provides strategic guidance on relevant matters.

Transparency The internal audit function is outsourced to Grant Thornton Anjum Rahman, which reports to the Board Audit Committee on quarterly basis. The external auditors of the company are KPMG Taseer Hadi & Co. that stand in 'A' category of SBP's audit firm rankings.

Management

Organizational Structure The AMC has a well-defined and formalized organizational structure, with appropriate departmentalization. It operates through eight main departments, each with its own specific function.

Management Team The senior management team comprises experienced and qualified professionals. The CEO, Mr. Babar Ali Lakhani, possesses research and portfolio management experience with domestic and international institutions. Mr. Kashif Mustafa, Executive Director, and Mr. Mustafa O. Pasha, Executive Director & CIO, have more than a decade of experience in capital markets with local and international brokerage houses and leading asset management companies.

Technology Infrastructure The management has implemented Asset Connect software for portfolio management, unit holder accounting and general accounting.

Control Environment The risk management department has implemented comprehensive risk management guidelines for the management of credit, market and liquidity risk. For operational risk management, the AMC has established and implemented a disaster recovery plan and a dedicated disaster recovery site in Karachi and Lahore. The AMC operated smoothly during COVID outbreak due to its strong technological setup. The compliance function ensures adherence with all applicable internal and external rules and regulations.

Investment Risk Management

Credit Risk The risk management function assesses the creditworthiness of entities to monitor the credit risk of existing portfolio and to identify new investment opportunities in debt instruments. The AMC has developed models to rate debt instruments and issuers, which include various qualitative and quantitative parameters for analyzing credit risk.

Liquidity Profile The AMC has internal guidelines and limits for exposure in different avenues to manage liquidity risk. The compliance department ensures adherence to internal limits on a daily basis and generates regular MIS.

Market Risk For managing market risk, various techniques such as VaR analysis, beta analysis and stress testing are being used. The AMC has real-time dashboards for monitoring currency depreciation, crude oil prices and other indicators having an impact on investment portfolio.

Portfolio Management

IC Composition The investment committee consists of the CEO, Executive Director, CIO, Head of Research, Equities, Fixed Income, Compliance, and Risk.

Effectiveness The investment committee meets once a week, and a separate meeting is held with focus on separately managed accounts. The PE and VC funds have dedicated teams as well, although certain team members are common to ensure synergies and share their expertise in the local context.

Investment Research And Analysis The research department falls under the purview of the CIO, and the team is organized primarily by industry sectors. A customized software exists for equity valuation and credit research. The AMC has access to Mettis Global and Zakheera Portals, which are integrated with the fund management department.

Customer Relationship

Investor Services The AMC has a dedicated team headed by an experienced resource for investor services. A value-added service, namely "Asset Allocation Optimizer," is provided to investors, enabling them to create their own mix and match strategy for fund allocation among available investment avenues.

Investor Reporting The AMC issues informative bulletins on a daily basis and performance reports for the funds and separately managed accounts on a bimonthly/monthly basis as requested by the clients. A separate online portal access is provided to discretionary clients.

Distribution And Sales Network The AMC has distribution arrangements with various third-party distributors. Training sessions are conducted for the new staff, and a weekly meeting of the sales staff with the CIO is held.

Performance

Asset Under Management The AMC's AUMs stand at PKR 59bln at end-Jun'25 (Mar'25: PKR 58bln). While the average AUMs remained at PKR 60bln. The Lakson Income Fund, Lakson Tactical Fund, Lakson Islamic money market fund, and Lakson Islamic Tactical Fund performance remained superior to benchmarks. Lakson Asset Allocation Developed Markets Fund lagged in performance when compared with benchmarks.

Asset Manager The AMC has an investment advisory portfolio of PKR120bln along with PKR 8bln of private equity and venture capital funds, which provide significant revenue diversification.

Fund's Performance Lakson Investments Limited													
Sr.No.	Fund Name	Category	Launch Date	Weight (%)	AUMs (PKR' mln)					Return Rolling 12 Months (Jun'25-Jun'24)			Stability Rating/Performance Rankine
					Jun-25	Mar-25	Dec-24	Sep-24	Jun-24	Return	Benchmark	Fund vs. Benchmark	
Conventional Funds													
1	Lakson Money Market Fund	Money Market	13 November, 2009	54.6%	32,318	33,103	51,929	32,463	31,864	15.1%	15.5%	-0.4%	AA+
2	Lakson Equity Fund	Equity	13 November, 2009	8.5%	5,047	4,213	4,259	3,102	2,537	59.9%	60.2%	-0.2%	-
3	Lakson Asset Allocation Developed Markets Fund	Asset Allocation	11 October, 2011	2.6%	1,512	1,498	1,523	1,535	1,539	11.5%	15.4%	-3.9%	-
4	Lakson Income Fund	Income	13 November, 2009	25.1%	14,826	15,418	14,955	12,890	7,785	18.0%	14.3%	3.6%	A+
5	Lakson Tactical Fund	Asset Allocation	11 October, 2011	0.9%	545	584	571	497	602	36.9%	29.8%	7.1%	-
				92%	54,248	54,817	73,236	50,488	44,327	-	-	-	-
Shariah Compliant Funds													
6	Lakson Islamic Money Market Fund*	Shariah Compliant Money Market	29 September, 2022	7.3%	4,333	2,920	2,331	1,343	1,584	13.5%	10.7%	2.8%	AA
7	Lakson Islamic Tactical Fund	Shariah Compliant Asset Allocation	11 October, 2011	0.9%	560	541	529	471	578	20.9%	19.7%	1.2%	-
Sum				8.3%	4,893	3,461	2,860	1,814	2,162				
Grand Total				100%	59,141	58,278	76,096	52,301	46,489				

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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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

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- 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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- (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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- (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)
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- (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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- (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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