



## The Pakistan Credit Rating Agency Limited

### Rating Report

#### AWT Investments Limited

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##### Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
31-Jul-2025	AM2+	-	Stable	Upgrade	-
31-Jul-2024	AM2	-	Stable	Upgrade	-
04-Aug-2023	AM3++	-	Positive	Maintain	-
05-Aug-2022	AM3++	-	Positive	Maintain	-
05-Aug-2021	AM3++	-	Stable	Initial	-

##### Rating Rationale and Key Rating Drivers

AWT Investments Limited ("AWTIL" or the "AMC") is an emerging player in the evolving asset management industry, focusing on expanding its customer outreach through superior investment performance, a well-diversified fund portfolio, focused marketing efforts and strong management expertise. As a fully owned entity of the Army Welfare Trust, which is dedicated to the welfare of martyrs' families, AWT Investments Limited has gained upward momentum during the period in Pakistan's asset management industry, as evidenced by its improved relative standing among peers. The rating upgrade of the AMC reflects enhancements across multiple key performance areas, including improved fund performance, growth and diversification of assets under management with a strategic focus on the retail segment, enhanced customer services and improved profitability. AWTIL continues to prioritize retail penetration, which has contributed to greater stability and longevity in its asset base. The AMC demonstrates a well-balanced and healthy client base, with a clientele mix comprising 45% retail investors and 55% institutional investors. AWTIL has witnessed significant growth in new account openings, driven by its focused marketing efforts and public awareness initiatives. On the digital side, the AMC is in the process of launching Mobile App v2.0, which is expected to be launched soon. During 9MFY25, the AMC demonstrated a robust 100% growth in AUMs since Jun'24, clocking in at PKR 60bln (Jun'24: PKR 30bln). The AMC's market share doubled to 2% in 9MFY25 (FY24: 1%), reflecting improved positioning relative to its peers. Wherein, AWT Islamic Income Fund carries the significant weightage in total AUMs; dilution is encouraged. However, the Fund significantly attracted a high number of accounts. The Fund performance remained in top quartile during the trailing 12 months ending on Mar'25. At the end of April 2025, AWTIL expanded its product portfolio through the launch of Voluntary Pension Schemes (VPS). This strategic initiative marks a significant step in diversifying the AMC's portfolio, catering to long-term retirement planning needs of individual investors. During 9MFY25, the financial matrix reveals that the management fee of the AMC increased significantly by 2 times, consequently, the AMC reported a net profit of PKR 146mln in 9MFY25 (9MFY24: PKR 49mln). At the end of 9MFY25, the equity base of the AMC increased to PKR 596mln (FY24: PKR 450mln), wherein in addition to internally generated profits, the sponsor's support in the form of fresh equity remains critical. Furthermore, AWTIL has initiated its transition toward becoming a fully Shariah-compliant asset management company, with full conversion expected in the near future. The process has been initiated through the transformation of its conventional funds into Shariah-compliant funds. Since Jun'24, the AMC's presence in the Islamic asset management industry has strengthened, with market penetration rising to 3.4%. (Jun'24: 1.9%)

The rating is dependent on the AMC's ability to continuously strengthen its market position. At the same time, stability in key human resources, structured improvement in risk management framework, and success of initiatives to increase retail AUM will remain crucial for the rating. Diversification in the AUM base among various fund categories along with improvements in the overall operating platform will bode well for the Company.

##### Disclosure

<b>Name of Rated Entity</b>	AWT Investments Limited
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	Asset Manager Rating
<b>Applicable Criteria</b>	Methodology   Rating Modifiers(Apr-25),Assessment Framework   Asset Manager Rating(Jun-25)
<b>Related Research</b>	Sector Study   Asset Management Companies (AMCs)(Mar-25)
<b>Rating Analysts</b>	Noor Fatima   noor.fatima@pacra.com   +92-42-35869504



The Pakistan Credit Rating Agency Limited

# Asset Management Companies (AMCs)

## Profile

**Structure** AWT Investments Limited ("AWTIL" or the "AMC") is a public unlisted Company incorporated in August 2011.

**Background** AWTIL is licensed by SECP as an Asset Management Company, Investment Adviser, and Pension Fund Manager under NBFC Regulations. AWTIL is gradually transitioning to a fully Shariah-compliant AMC by converting its conventional funds into shariah-compliant funds.

**Market Share** The AMC's overall market share improved to 2% (FY24: 1%), while its penetration in the Islamic AMC industry improved significantly to 3.4%, up from 1.9% in June 2024.

**Diversification Of Fund Mix** Currently, the AMC is offering investment solutions for both conventional and islamic markets and is managing seven funds in the money market, income, equity and pension categories with the income category having the highest concentration of 94.6% in the portfolio.

**Investor Concentration** The top 10 investor concentration at the end of 9MFY25 is 34% while the related party holding represents 5% of total AUMs.

## Ownership

**Ownership Structure** AWTIL is a wholly owned subsidiary of Army Welfare Trust (AWT).

**Business Acumen** The existing sponsor, AWT has more than 5 decades of experience in the financial services sector, operating companies under the "Askari" brand in banking, insurance, leasing, financial services, and asset management industries. The management and leadership carry extensive business experience in financial markets.

**Financial Strength** The sponsor, AWT Group, continues to demonstrate strong financial standing, underpinned by its diversified and profitable business operations. This strength is reflected in its ongoing support for AWTIL, evidenced by equity injections over the years. Most recently, as per management, the sponsor injected PKR 250mln in the form of cash in June 2025.

## Governance

**Board Structure** The AMC's Board consists of six members, including the CEO. The Board comprises five non-executives and one executive director.

**Members' Profile** Lt. Gen. Nauman Mahmood (Retd.) was appointed Chairperson of the Board in February 2024. A graduate of prestigious military institutions including the National Defence University, he brings 37 years of experience in different key roles. He currently serves as Vice Chairperson & MD of Army Welfare Trust and sits on the boards of several AWT businesses. Board members carry diversified experiences in different business areas.

**Board Effectiveness** There are two committees, namely 1) HR Committee and 2) Audit and Risk Committee for effective monitoring and Board assistance.

**Transparency** The in-house internal audit department is headed by Mr. Sarhad Maqsood Paracha. Mr. Sarhad, a certified auditor (ACA, CISA, FCCA), brings extensive cross-sector experience and has been key in strengthening controls, streamlining audits, and advising senior leadership. The external auditor of the AWTIL is Yousuf Adil & Co, which falls in the 'A' category of the SBP Panel of Auditors.

## Management

**Organizational Structure** The AMC is guided by a robust and formal organizational structure, ensuring clear departmental segmentation. Key functions are carried out through specialized departments—Human Resources, Risk Management, Compliance, Information Technology, Marketing & Product Development, and Finance—each entrusted with clearly defined roles and responsibilities to support efficient and effective operations.

**Management Team** The senior management team of AWTIL comprises qualified and experienced professionals. Mr. Sajjad Anwar, CEO of AWTIL, is a seasoned investment professional with over 25 years of experience in Pakistan's financial markets, including 17 years in the fund management industry. Prior to joining AWTIL, he served as Chief Investment Officer at NBP Funds. The Chief Financial Officer, Mr. Salman Shafiq Hashmi, has tendered his resignation. The position is currently vacant.

**Technology Infrastructure** AWTIL is currently revamping its fund management solutions software, developed by Softech Company, and is also undertaking ERP evaluations for internal operational enhancements. Additionally, the AMC is in the process of launching Mobile App v2.0, which is expected to be completed soon.

**Control Environment** The compliance department is being led by Mr. Muzzammil Khan, having over 13 years of professional experience in compliance, operations, audit, and assurance. The AMC has devised detailed policies to ensure compliance with all applicable statutory regulations and internal investment guidelines using Excel-based models to monitor the exposure limits and margins.

## Investment Risk Management

**Credit Risk** AWT Investments Limited used Excel-based credit risk models for credit risk monitoring with a focus on qualitative and quantitative analysis with controls in place to ensure exposure limits.

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

**Market Risk** For managing market risk, various techniques such as VaR analysis, beta analysis, and stress testing are being used. The exposure limits are communicated to portfolio managers along with a periodic review of the appropriateness of the limit structure.

## Portfolio Management

**IC Composition** The investment committee comprises the Chief Executive Officer, Chief Finance Officer, Head of Risk, and Fund Managers.

**Effectiveness** The IC comprises qualified and experienced professionals and meets on a weekly basis to review the investment strategy of each fund under management and its performance to incorporate the impact of market circumstances on the Funds' performance.

**Investment Research And Analysis** The research function, overseen by the Head of Research, employs fundamental analysis and standard financial models for equity valuation, supplemented by broker research, to identify attractive investment opportunities.

## Customer Relationship

**Investor Services** The AMC delivers satisfactory client services, with the marketing team managing relationships with current and potential clients. To stay competitive, it is integrating IT across operations. Its mobile app offers key features like fund NAVs, account details, and e-transactions.

**Investor Reporting** The AMC disseminates unit holder statements on a monthly basis which comprise investment value and asset allocations. AWTIL disseminates and publishes FMR on its website in a timely manner.

**Distribution And Sales Network** The AMC has four branches in Karachi, Lahore, Multan, and Rawalpindi. It is developing a digital client onboarding solution, expected by Dec'25. Meanwhile, focused marketing and awareness efforts led to strong growth in new account openings.

## Performance

**Asset Under Management** The AMC's AUMs has been increased by 100% and stood at PKR 60bln at end of 9MFY25 (FY24: PKR 30bln). The flagship fund of the AMC is AWT Islamic Income Fund, with a weightage of 91% in total AUMs of the AMC. However, the fund significantly attracted a high number of accounts. The fund performance remained in top quartile during the trailing 12 months ending on Mar'25.

**Asset Manager** At the end of 3QFY25, the management fee increased by 2 times, standing at PKR 219mln (SPLY: PKR 73mln). Whereas, profit after tax of AWTIL stood at PKR 146mln, primarily due to an increase in management fee applicable on different funds at the end of 3QFY25 (SPLY: PKR 49mln). The equity of the AMC stood at PKR 596mln at the end of 3QFY25 (FY24: PKR 450mln). The AMC has ample room to meet the minimum equity base requirement of PKR 230mln.

Fund's Performance   AWT Investments Limited										
Sr. No.	Fund Name	Category	Weight (%)	AUMs (PKR "mln")				Return   Mar'24 to Mar'25		
				Mar'25	Dec'24	Sep'24	Jun'24	Return	Bench.	Fund vs. Bench.
1	AWT Money Market Fund	Money Market	-	-	2,129	2,139	2,352	-	-	
2	AWT Islamic Income Fund	Shariah Compliant Income	91.3%	53,994	48,072	32,166	24,513	17.83%	10.5%	7.37%
3	AWT Income Fund	Income	2.8%	1,922	1,791	1,796	1,682	19.00%	16.3%	2.73%
4	AWT Financial Sector Income Fund	Income	0.5%	373	469	688	928	16.6%	16.3%	0.31%
5	AWT Stock Fund	Equity	0.4%	248	242	123	135	81.0%	75.8%	5.20%
6	AWT Islamic Stock Fund	Shariah Compliant Equity	1.8%	1,180	1,315	247	167	73.7%	63.0%	10.74%
7	AWT Islamic Money Market Fund (Formaly: Money Market fund)( Launch Date: Feb'25)	Shariah Compliant Money Market	2.9%	1,810	-	-	-			
8	AWT Islamic Pension Fund (Launch Date: Apr'25)	Pension Fund	0.3%	-	-	-	-			
Sum/Average:			100%	59,527	54,018	37,159	29,777			

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

### Rating Modifiers | Rating Actions

<b>Outlook (Stable, Positive, Negative, Developing)</b> 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'.	<b>Rating Watch</b> 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.	<b>Suspension</b> 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.	<b>Withdrawn</b> 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.	<b>Harmonization</b> 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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- (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)

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