



The Pakistan Credit Rating Agency Limited

Rating Report

Atlas Asset Management Limited

Report Contents
1. Rating Analysis
2. Rating Scale
3. Regulatory and Supplementary Disclosure

Rating History					
Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
24-Dec-2021	AM2+	-	Stable	Maintain	-
24-Dec-2020	AM2+	-	Stable	Maintain	-
26-Dec-2019	AM2+	-	Stable	Maintain	-
28-Jun-2019	AM2+	-	Stable	Maintain	-
28-Dec-2018	AM2+	-	Stable	Maintain	-
30-Jun-2018	AM2+	-	Stable	Maintain	-
22-Dec-2017	AM2+	-	Stable	Maintain	-
04-May-2017	AM2+	-	Stable	Upgrade	-
08-Jun-2016	AM2	-	Stable	Harmonize	-
15-Apr-2016	AM2-	-	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

The rating incorporates Atlas Asset Management Limited's (or the "Company") stable market share, experienced management team, structured investment decision process and adequate risk management framework. Strong ownership and good governance profile bodes well to the rating. During CY21, the Company has launched 'Atlas Islamic Money Market Fund' and 'Atlas Liquid Fund' to penetrate even further in both conventional and Islamic universe of money market. Since Dec'20, the overall AUMs of the Company increased by ~28% and currently, stood at ~PKR 51.5bln at end Sep'21, which is in line with the overall industry growth. However, the market share of the Company remained stable at 4.8%. The Company has a modest standing in the retail avenue and intends to strengthen its sales team to provide impetus in augmenting retail penetration. To augment its revenue stream, the Company is also offering specialized investment products which includes Separately Managed Accounts with adequate AUMs. The overall fund's performance remained above par with majority funds meeting or exceeding industry average and benchmark. The Company remained profitable during FY21 and has an adequate equity base at end Jun'21. The rating incorporates the Company's association with Atlas Group, a leading business conglomerates in Pakistan having investments in multiple sectors.

The rating is dependent on the Company's ability to strengthen its market position in terms of AUMs, sustaining superior fund performance and upholding good governance and organizational structure. Meanwhile, customer outreach along with consistent fund performance remains imperative.

Disclosure

Name of Rated Entity	Atlas Asset Management Limited
Type of Relationship	Solicited
Purpose of the Rating	Asset Manager Rating
Applicable Criteria	Methodology Asset Manager Rating(Jun-21),Criteria Rating Modifiers(Jun-21)
Related Research	Sector Study Asset Managers(Jun-21)
Rating Analysts	Muhammad Zain Ayaz zain.ayaz@pacra.com +92-42-35869504



Profile

Structure Atlas Asset Management Limited ("AAML" or the "Company"), was incorporated in 2002 as a public unlisted company.

Background The Company is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited. It manages assets on behalf of retirement funds, welfare organizations, insurance companies, multinationals, NBFCs and individuals, in addition to group funds.

Market Share The market share of the Company remain stable at 4.8% at end Sep'21.

Diversification Of Fund Mix The Company is currently managing an adequate product slate of eleven open-end funds in multiple categories, one pension and one Islamic pension fund. The Company also has investment advisory license. As an investment adviser, the Company manages four discretionary SMA's and has several advisory clients on board.

Investor Concentration The top ten average investors concentration is ~80% in the funds of AAML with average related party holdings contributing ~64% to the total AUM's. The higher proportion of group funds limits redemption pressure to an extent.

Ownership

Ownership Structure The Company is a wholly owned (100%) subsidiary of Shirazi Investments (Pvt.) Limited – the holding company of Atlas Group.

Business Acumen Shirazi Investments (Pvt.) Ltd (SIL), founded in 1962, It is engaged in capital market, fund management, under-writing, real estate and venture capital investments.

Financial Strength Building on decades of expertise, AAML enjoys a strong financial foundation emanating from the well-diversified profitable businesses.

Governance

Board Structure The Company's seven member board of directors comprises five representatives of Atlas Group including the CEO. There are two independent directors.

Members' Profile The Board is headed by the chairman, Mr. Iftikhar H. Shirazi. He has done BS in Finance from USA. All the members of the board has immense expertise in capital markets, investment banking, economic affairs and finance.

Board Effectiveness The Board ensures effective governance structure through its committees, namely (i) Audit (ii) Human Resource & Remuneration Committee.

Transparency The Company has an in-house internal audit department to evaluate and improve the internal control system. Mr Uzair Uddin, an experienced individual, heads the department. The department directly reports to the Audit Committee. The Company has appointed Shinewing Hameed Chaudhari & Co, classified 'B' category auditor by SBP.

Management

Organizational Structure The Company operates under the guidance of Chief Executive Officer who oversees various departments, each with its well-defined and specific functions. These include: 1) Finance, 2) Customer Services & Quality Assurance, 3) IT, 4) Internal Audit, 5) Sales and Marketing, 6) HR & Admin, 7) Risk Management, 8) Compliance and 9) Investment Advisory.

Management Team The Company's existing team is well qualified with relevant experience. Almost all of the top management has been associated with AAML for a significant period of time, which shows stability and strong employee retention. The top management includes the CEO, Mr. Muhammad Abdul Samad, has been associated with the Company for over fifteen years and held C-Suite positions for over a decade. The CIO, Mr. Khalid Mahmood, holds an MBA degree with Majors in Finance from Bahria University. He has more than a decade of professional experience in research and fund management.

Technology Infrastructure The Company has entered into a Service Level Agreement (SLA) with ITMinds Limited for the outsourcing of back-office functions. Under the agreement, ITMinds Limited is providing back-office services in relation to the accounting settlement, unit management operations and NAV calculation.

Control Environment The Company has devised detailed policies for IT, operations, research, investment and risk management. The Company uses a dedicated software which notifies about any breach in exposure limits and specified margin.

Investment Risk Management

Credit Risk The Company has developed an internal risk assessment software to evaluate the risk of the overall portfolio. Exposure limits and margins are properly defined with inbuilt restrictions.

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

Market Risk The Company has set appropriate metrics to measure exposure to market risk. The department has developed VaR and sensitivity analysis models to monitor market risk.

Portfolio Management

IC Composition The Company's investment committee comprises six members including the CEO, CIO, Head of Portfolio Management, Head of Equities, Head of Fixed Income, along with a non-executive director.

Effectiveness The composition and functioning of the IC is considered adequate. The IC formally meets on a weekly basis in order to take investment decisions. The fund managers are responsible for the implementation of investment decisions and ensuring a smooth investment process.

Investment Research And Analysis The research department of the Company comprises four investment analysts and one Manager Research.

Customer Relationship

Investor Services The Company has implemented 'Investors Help Desk System' for effective management of queries received from the investors. The Company has launched certain financial tools on its website for the benefit of the investors. These include a tax savings calculator along with a pension simulator. The Pension Simulator, launched by the Company is the first in the industry, which provides the investors with financial forecasts based on actuarial estimations.

Investor Reporting The Company's well-developed website is used as a reporting platform for dissemination of information pertaining to the Company, management, NAV history, fund performance, product characteristics and other important announcements. The Company has also developed an application for automatic distribution of NAV via SMS to facilitate its investors. The Atlas Invest app provides investors the facility to manage their investments on the go.

Distribution And Sales Network The company continues to focus on the retail penetration. And through it's association with Shirazi Investment (Pvt) Ltd. the Company have been instrumental in establishing a footprint among domestic retail and corporate investors.

Performance

Asset Under Management Since Jun'20, the AUMs of the Company slightly increased by ~73% to ~PKR 51bln at end Sep'21. All the funds produced returns greater than their benchmark.

Asset Manager The Company has reported a net profit of ~PKR 170mln in FY21 (SPLY: ~PKR 124mln). The profits of the Company increased due to investment advisory and management fee. The Company's equity stood at ~PKR 1,041mln at end Jun'21 (SPLY: ~PKR 882mln), sufficiently above the minimum capital requirement of PKR 230mln.

Fund's Performance Summary: Atlas Asset Management Limited

Sr. No	Fund Name	Category	Assets Under Management			Return Sep-21 (%)					Return CY-20 (%)				
			Sep21	Jun21	Dec20	Return (%)	Benchmark (%)	Industry Average Returns (%)	Returns vs Benchmark	Returns vs Ind. Averages	Return (%)	Benchmark (%)	Industry Average Returns (%)	Returns vs Benchmark	Returns vs Ind. Averages
1	Atlas Income Fund	Income	5,469,422	4,990,461	4,162,787	7.43%	7.57%	6.14%	-0.14%	1.29%	12.00%	8.98%	7.30%	3.02%	4.70%
2	Atlas Islamic Fund of Funds (Atlas Aggressive Allocation)	Shariah Compliant Fund of Funds	130,185	128,491	120,884	11.90%	10.64%	1.26%	1.26%	10.64%	11.13%	9.57%	5.21%	1.56%	5.92%
3	Atlas Islamic Fund of Funds (Atlas Conservative)	Shariah Compliant Fund of Funds	141,188	138,255	140,183	9.04%	6.47%	1.26%	2.57%	7.78%	9.67%	8.90%	5.21%	0.77%	4.46%
4	Atlas Islamic Fund of Funds (Atlas Islamic Capital Preservation)	Shariah Compliant Fund of Funds - CPPI	-	495,770	490,715	-	-	-	-	-	6.43%	5.14%	-0.88%	1.29%	7.31%
5	Atlas Islamic Fund of Funds (Atlas Islamic Dividend Plan)	Shariah Compliant Fund of Funds - Income	27,812	27,168	26,536	6.70%	3.24%	1.26%	3.46%	5.44%	-	-	-	-	-
6	Atlas Islamic Fund of Funds (Atlas Moderate Allocation Islamic)	Shariah Compliant Fund of Funds	134,790	133,772	131,318	10.46%	8.60%	1.26%	1.86%	9.20%	10.44%	9.66%	5.21%	0.78%	5.23%
7	Atlas Islamic Income Fund	Shariah Compliant Income	1,985,829	1,456,940	1,401,033	7.26%	3.24%	6.57%	4.02%	0.69%	7.95%	5.23%	7.49%	2.72%	0.46%
8	Atlas Islamic Money Market Fund	Shariah Compliant Money Market	599,873	636,613	-	6.54%	2.12%	0.48%	4.42%	6.06%	-	-	-	-	-
9	Atlas Islamic Stock Fund	Shariah Compliant Equity	3,146,449	2,706,741	2,535,622	13.15%	11.71%	8.18%	1.44%	4.97%	11.28%	6.11%	6.39%	5.17%	4.89%
10	Atlas Money Market Fund	Money Market	23,944,459	24,228,825	16,601,493	7.64%	6.71%	6.78%	0.93%	0.86%	9.27%	8.66%	9.03%	0.61%	0.24%
11	Atlas Sovereign Fund	Income	2,145,210	2,225,313	2,399,219	7.10%	7.43%	6.14%	-0.33%	0.96%	12.49%	8.85%	7.30%	3.64%	5.19%
12	Atlas Stock Market Fund	Equity	9,967,330	9,858,067	9,171,317	13.30%	10.67%	11.94%	2.63%	1.36%	13.81%	5.69%	6.85%	8.12%	6.96%
13	Atlas VPS	VPS	3,261,130	3,222,898	3,077,380	-	-	-	-	-	-	-	-	-	-
14	Atlas Islamic Fund of Funds (Atlas Islamic Capital Preservation)	Shariah Compliant Fund of Funds - CPPI	474,456	-	-	-	-	-	-	-	-	-	-	-	-
15	Atlas Islamic Dedicated Stock Fund	DEF	94,435	94,290	93,137	13.19%	11.71%	-	1.48%	13.19%	11.04%	6.11%	-	-	-

Total AUMs	51,522,568	50,343,604	40,351,624
-------------------	-------------------	-------------------	-------------------

Asset Manager Rating

An independent opinion on the quality and expertise deployed by an asset management company

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 high 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 the minimum investment management industry standards and benchmarks.

<p>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’.</p>	<p>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.</p>	<p>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.</p>	<p>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 surveill the opinion due to lack of requisite information.</p>	<p>Harmonization A change in rating due to revision in applicable methodology or underlying scale.</p>
---	---	--	---	---

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.

Disclaimer: PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of PACRA documents may be used, with due care and in the right context, with credit to PACRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell.

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

Restrictions

- (3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (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.
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (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)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

- (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)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (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 | 18-(a)
- (19) PACRA reviews all the outstanding ratings on semi-annual basis or as and when required by any creditor or upon the occurrence of such an event which requires to do so; | Chapter III | 18-(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 | 18-(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 | 18-(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-(F-VII)

Proprietary Information

(23) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA's prior written consent