

Press Release

VIS Upgrades Management Quality Rating of Faysal Asset Management Limited

Karachi, December 30, 2022: VIS Credit Rating Company Ltd. has upgraded the Management Quality Rating (MQR) of Faysal Asset Management Limited (FAML) to 'AM2'++ (AM-Two Plus Plus). The rating signifies asset manager exhibiting very good management characteristics. Outlook on the assigned rating is 'Stable'. The previous rating action was announced on December 31, 2021.

The rating upgrade reflects improvement in market positioning of the Company recording increase in market share. Sizeable growth in AUMs was recorded in FY22 and in the current year till October'22 with AUMs closing at Rs. 92b. Leading funds namely Faysal Halal Amdani Fund, Faysal Islamic Cash Fund, Faysal Income & Growth Fund and Financial Sector Opportunity Fund registered the highest growth with these four funds constituting more than 50% of total AUMs at end-June'22. Assigned rating also takes into account improvement in investor granularity on the back of strong in-house retail sales as well as effective leveraging of banks channel. Retail proportion improved to 49% in FY22 while top 10 client concentration was lower than peers.

In terms of product portfolio, FAML added 2 new funds within its conventional and Islamic variants including a CPPI plan. Going forward, the Company has also obtained approvals from Securities and Exchange Commission of Pakistan (SECP) for launching two Islamic Private Equity Funds and an Islamic Venture Capital Fund. As of October'22, FAML was managing 29 funds (including schemes). Plans to expand geographical footprint and retail teams is also underway.

Rating takes into account improvement in fund performance recorded in FY22. End-June'22, AUM's in quartile 1 accounted for 63% of total FAML's AUMs (June'21: 45% AUMs). However, fund performance improvement was largely concentrated in Islamic money market and income fund category, while equity fund performance remained subdued. Sustenance of fund performance across all categories along with maintenance of credit quality metrics will remain important for rating, going forward. Assigned rating also reflects improvement in earning profile on the back of increase in core revenue, advisory and investment income. Rating incorporates presence of sound corporate governance levels, well formulated investment process and experienced management team as well as strengthening of Board. However, strengthening of investment process through external certification may be considered.

For further information on this rating announcement, please contact Syeda Batool Zehra Zaidi (Ext: 210) or the undersigned (Ext: 210) at 021-35311861-70 or fax to 021-35311873 or info@vis.com.pk.

Sara Ahmed
Director

Applicable Rating Criteria: Asset Management Companies (June 2019)
<http://vis.com.pk/kc-meth.aspx>