

## Al-Meezan Investment Management Limited

Chairman: Mr. Arif-ul-Islam; Chief Executive: Mr. Mohammad Shoaib, CFA

Date: July 16, 2013

### Company Profile

### Rating Rationale

**Analysts:** Sobia Maqbool, CFA /  
Waqas Munir, FRM

	Latest	Previous
<b>Rating</b>	AM2	AM2
<b>Outlook</b>	Stable	Stable
	May 14, 2013	Mar 08, 2012

Al Meezan Investment Management Limited (Al Meezan), second largest asset management company in the private sector, offers Shari'ah compliant investment products. Al Meezan has shown solid performance history which has been tested through market cycle further supporting the strong franchise value. The company has capitalized on its strong brand name reflected by a 26% growth in the assets under management (AUM) compared to 15% growth, adjusted for investment by associates, witnessed by the industry during FY12. Al Meezan has tapped a niche market and unit-holder profile of funds under management compare favorably to peers. There is nevertheless significant room for improvement in the unit-holder profile. The company has also benefited from the support of its parent company, Meezan Bank Limited, the largest Islamic bank in the country.

Key management team of Al Meezan exhibits substantial industry experience in their relevant areas. The company has been able to maintain stability among key staff. While there was some turnover in the portfolio management and research team at middle management positions, vacancies were filled by competent resources without any delays. The company has recently set up an independent risk function in order to strengthen the control infrastructure. Risk function needs to formulate and implement requisite policies and procedures within a reasonable timeframe.

Al Meezan follows an active top-down investment process which starts from the input from the research function. Portfolio is constructed/modified keeping in view research input and deliberations at the Investment Committee level. Following this, portfolio is monitored on an ongoing basis and modifications are made on the basis of trigger events. Research process is adequately documented, supported by relevant models using multiple information sources. Moreover, there exists integration between research and portfolio management team. Overall investment management process is well structured.

With the deployment of T-24, integration among various modules is targeted which is expected to strengthen the IT platform at Al Meezan. An independent service quality department has been established in order to strengthen customer services. Head count in the sales team is expected to be increased to further expand company's outreach and enhance penetration in the retail segment of the market. Customer services are complemented by e-services. Al Meezan offers in-depth periodic reports to its clients with separately managed accounts.

With the launch of KSE Meezan Index Fund in May, 2012, product suite of Al Meezan comprises nine collective investment schemes. Funds under management has exhibited strong long term track record. Funds having "equity" mandates have performed better in comparison to benchmark returns during FY12, while their returns were marginally lower during 1HFY13. In relative terms, performance of equity funds has improved during the ongoing year. Value of restructured investments, net of provision, represented 12.6% of net assets of MIIF at end-Dec, 2012 (FY12: 18.4%). Nevertheless, MIIF has depicted greater stability in returns vis-à-vis other income funds, given the quality of its assets. On the money market side, performance of cash fund has been consistent and superior in comparison to the benchmark.

### Overview of the Institution

Al Meezan is engaged in asset management and investment advisory services and operates under the Non-Banking Finance Companies (NBFC) Rules, 2003. Al Meezan is a subsidiary of Meezan Bank Limited (MBL) which holds 65% stake in the company, followed by Pakistan Kuwait Investment Company Limited (PKIC) with a stake of 30%. The AMC's financial statements for FY12 were audited by KPMG Taseer Hadi & Co.

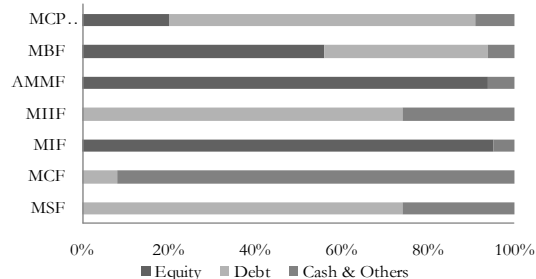
JCR-VIS

### Returns

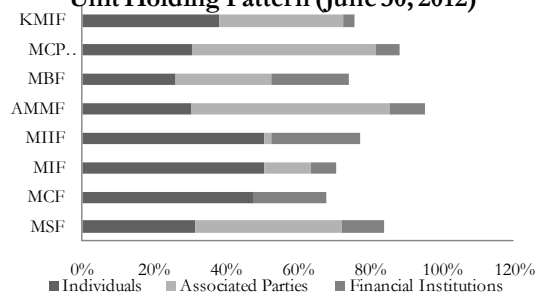


\*1HFY12 returns have been annualized

### Asset Allocation



### Unit Holding Pattern (June 30, 2012)



## JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b><u>RATING TYPE: Management Quality</u></b>				
14-May-13	AM2	Stable		Reaffirmed
08-Mar-12	AM2	Stable		Reaffirmed
15-Apr-11	AM2	Stable		Reaffirmed
04-Feb-10	AM2	Stable		Upgrade