

## RATING REPORT

### Al-Meezan Investment Management Limited (AMIML)

**REPORT DATE:**

December 27, 2021

**RATING ANALYSTS:**

Asfia Aziz

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#### RATING DETAILS

Rating Category	Latest Rating	Previous Rating
<b>MQ Rating</b>	AM1	AM1
<b>Rating Date</b>	December'27,2021	December'31, 2020
<b>Rating Outlook</b>	Stable	Stable
<b>Rating Action</b>	Reaffirmed	Reaffirmed

#### COMPANY INFORMATION

<b>Incorporated in February 1995</b>	<b>External auditors:</b> <u>AMC</u> – EY Ford Rhodes Chartered Accountants <u>CIS</u> – A.F. Ferguson and Co. Chartered Accountants <u>VPS</u> – Yousuf Adil Chartered Accountants
<b>Unlisted Public Company</b>	<b>Chairman of the Board:</b> Arif-ul-Islam
<b>Key Shareholders (with stake 5% or more):</b>	<b>Chief Executive Officer:</b> Mohammad Shoaib, CFA
Meezan Bank Limited ~ 65%	
Pak Kuwait Investment Company ~ 30%	

#### APPLICABLE METHODOLOGY(IES)

Mutual Funds Rating (June 2019): <https://docs.vis.com.pk/docs/AMC-Methodology-201906.pdf>

Al-Meezan Investment Management Limited

OVERVIEW OF THE AMC

RATING RATIONALE

Al-Meezan Investment Management Limited (AMIML) was incorporated in 1995 as a private limited company and changed its status to a public unlisted company in 2001.

External auditors are EY Ford Rhodes, A.F. Ferguson & Co. and Yousuf Adil Chartered Accountants. The Shariah Supervisory Board of MBL is authorized to act as the Shariah advisors of AMIML and their funds.

**Profile of Chairman**

Mr. Arif-ul-Islam has been associated with Meezan group since 1999. Mr. Islam has over 30 years of banking experience and has held several senior management positions. Currently, Mr. Islam is serving as Meezan Bank's Deputy CEO and an Executive Board member.

**Profile of CEO**

Mr. Mohammad Shoaib, CFA has over 25 years' experience of managing investment portfolios and is a founding member of the CFA Society of Pakistan (CFASP). Moreover, he has served as the Chairman and Director on the Board of Mutual Funds

Headquartered in Karachi, Al-Meezan Investment Management Limited (AMIML) is a subsidiary of Meezan Bank Limited (MBL), the largest Islamic Bank in the country. Other major stakeholder of AMIML is Pak Kuwait Investment Company Limited (PKIC). AMIML has a strong brand name and an extensive track record in Shariah compliant asset management business.

**Key Rating Drivers**

**Continued market leadership position in Shariah Compliant reflecting strong Islamic franchise**

AMIML's markets share in the Shariah Compliant asset management industry fell to 37% (FY21: 42%, FY20: 45%) at end-Oct'21 on account of higher rates offered by the conventional schemes. However, the company continues to maintain its strong franchise and dominant market position in the Islamic Asset Management industry. In comparison to overall AUM's (Asset Under Management) of the mutual fund industry, AMIML's market share declined to 18% (FY20: 20.5%) in FY21 due to overall market uncertainty and shift of clientele towards higher rates offered by conventional schemes. Furthermore, market share further fell to 15.6% at end-Oct'21 owing to AUM reduction noted in the greatest contributing fund- Meezan Rozana Amdani Fund (MRAF) due to redemptions from corporates in Q1 to finance their working capital needs.

In absolute terms, total AUMs (Ex-FoF) of the company increased to Rs. 189b at end-FY21 (FY20: Rs. 156b) (up 21% YoY), subdued than industry growth of 37% in the same period. AMIML's AUMs stood lower at Rs. 166b as at Oct'21 owing to higher redemptions in MRAF. Overall AUM mix since last review has tilted towards equity funds while proportion of fixed income and money market funds in AUMs has declined due to improving performance of the equity market in the outgoing year. Net Assets of Separately Managed Accounts (SMAs) increased to Rs. 17.4b (FY20: Rs. 12.5b).

**AUM growth in FY21 has been driven by equity funds where challenging macroeconomic environment and enhanced focus towards the segment have been key contributors. AUM mix expected to witness some shift towards fixed income funds over the rating horizon. Diversification in fund concentration is considered important.**

% of AUM's	FY20	FY21	Oct'21
<b>Equity</b>	17%	20%	22%
<b>Fixed Income</b>	22%	19%	26%
<b>Money Market</b>	44%	46%	35%
<b>Others</b>	16%	14%	16%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Amid weak macro-economic environment, pandemic-induced market volatility, higher inflation and low interest rates, and political uncertainty, growth in AUMs largely manifested in Equity funds during FY21 with the same contributing 20% (FY20: 17%) in FY21. However, in terms of mix, Fixed Income funds continue to constitute the major proportion of AUMs contributing 65% (FY20: 67%) in FY21. After the equity market plunging by cumulative 26% in FY18-FY20, the market re-bounded and grew

Association of Pakistan  
(MUFAP).

by 38% in FY21 responding well to prospective improvement in current account deficit. With expected increase in interest rates, AUM mix is expected to witness some shift towards FI funds over the rating horizon.

Shariah compliant product portfolio is comprehensive with AMIML being the only asset manager managing a gold fund. Product portfolio includes a wide array of Shariah compliant funds ranging from equity, balanced, asset allocation, fixed income, money market, capital preservation, fund of fund (FoF), commodity and voluntary pension schemes to meet various investment objectives depending on client's risk appetite.

Concentration in top 3 funds in total AUMs of the company is considered on the higher side with the same comprising 65% of AUMs at end-Oct'21 (FY21: 71%, FY20: 67%). Diversification in the same is planned through launch of new funds. AMIML launched a new Income fund- Meezan Daily Income Fund (MDIF) in Sep'21, growth in which is projected, as per management since the fund offers daily return on a broader investment base with allowed investments in greater maturity instruments. As an Investment advisor, AMIML also manages 17 (FY20: 22) discretionary and non-discretionary portfolios for SMAs.

**Sizeable retail client base is a competitive advantage although high concentration in retail AUMs continues to be a risk. Corporate segment continued to be the growth driver in the outgoing year, as retail sales were impacted by Covid-19**

Total client base of the company stood at 152k clients at end-Oct'21 being the highest as compared to peers in the industry. Around 60% of the client base comprise active clients. Quantum of incremental clientele every year is increasing on a timeline basis with 25k clients added in FY21 as compared to 18k clients added in the preceding year. Going forward, management targets to add 30k clients in the next financial year; one-fourth of the target has been achieved till end-Oct'21.

Proportion of retail investment in relation to total AUMs is on the higher side at 58.5% (FY21: 51.3%, FY20: 51.5%) at end-Oct'21. However, growth in AUM base is contributed by a 26% increase corporate AUMs followed by retail AUMs at end-June'21 as compared to Dec'20. Resultantly, client concentration has trended up, as reflected by top ten investors holding of 38% of the total AUM's as at Jun'21, increasing from 37% as of Dec'20. Although greater retail AUM proportion in total AUMs acts as a competitive advantage, top 500 and top 1000 retail AUMs' contribution increased to 20% (FY20: 18%) and 25% (FY20: 23%) respectively at end-FY21.

**Sales strategy planned to continue through further strengthening of sales team and ADCs, expansion of geographic footprint and enhancement of customer base through digital initiatives.**

Sales & Distribution (S&D) activities of AMIML are carried through two distinct channels comprising direct sales force (AMC's own branches/head office) and alternate delivery channel (MBL/Standard Chartered Bank branches and digital application). Direct sales force contributes around 81% (FY20: 78%) of the total new investments. Moreover, mutual fund specialists are placed in different branches across the country and are responsible for the training of sales personnel.

Presently, AMIML operates through a branch network of 24 branches spread nationwide. In line with other large AMCs, majority of AUM generation continues to be through the South region. However,

AUM generation from the central region has witnessed healthy growth during outgoing fiscal year. Sales force is declining on a timeline basis due to management's stringent policy of retaining quality sales force. In FY22, management targets net hiring of 70 direct sales force and 20 Mutual Fund Specialists based on area offices of Meezan Bank Limited. Going forward, sales strategy is planned to continue with further expansion in sales team.

In order to increase retail outreach, on the Digital Front, the company successfully launched Digital online onboarding for full fledge account in Mutual funds through online portal, Roshan Digital Account along with launch of Digital sales team mobile application for customer services in the outgoing year. Initiatives to further increase outreach include:

- Digital onboarding through Al Meezan mobile application
- Digital onboarding for Sahulat Sarmayakari Account through Amlaak-CDC platform
- Enable online on boarding from Meezan multiple Digital channels, Digital Distributors, and telecom sector (Telenor, Jazz cash etc.) using open web APIs.
- Revamping of the website for a better, more intuitive & engaging user experience.
- Account based simplified investment through Al Meezan digital channels.
- Facility for systematic investment (SIP). Customer shall be able enroll themselves for SIP digitally and they shall receive notifications on their mobile app on their chosen frequency with payment reference number for instant fund transfer.
- IBFT service for instant redemption payments.
- Bill payment services.
- ATM/Debit card service.
- Availability of options to invest in Al Meezan funds from all major banks including mobile wallet accounts.

**Ratings are supported by the presence of formalized and documented investment process with sound research infrastructure. Relative performance ranking of funds weakened slightly in the ongoing year (July-Oct'21) with AUMs lying in the top 2 quartiles comprising 73% (FY21: 88%, FY20: 88%) of total AUMs.**

A well-defined framework to evaluate investment prospects for equity and debt funds is in place. For the equity funds, investment decisions continue to be backed by sound research and fundamentals (primarily comprising blue chips stocks). The Company follows a buy and hold strategy for most of the exposures that are undertaken. For the debt funds, the company currently invests in Islamic commercial papers, Corporate Sukuk, Bai Muajjal placement and placement with Banks & DFIs. Investment Committee (IC) comprises CEO, CIO, Head of Research, Head of Risk Management and relevant fund managers. Composition and functioning of IC is considered adequate.

Major equity funds' (Al Meezan Mutual Fund and Meezan Islamic Fund) relative performance ranking weakened to 3<sup>rd</sup> quartile and 2<sup>nd</sup> quartile in FY21 as compared to Q1 in FY20. However, they have regained their relative positioning in FYTD at end-Oct'21 being placed in the 1<sup>st</sup> quartile. On the Money Market and Fixed Income front; MRAF, Meezan Sovereign Fund (MSF), and Meezan Islamic Income Fund (MIIF) parked returns in the 1<sup>st</sup> quartile in FY21. Their position fell in the 2<sup>nd</sup> and 3<sup>rd</sup> quartile in the ongoing year.

**Risk management function is dedicated and independent. Internal Audit and Compliance functions are segregated to strengthen control environment. Compliance with KYC and AML guidelines remain the key focus area on the control front.**

Board Risk Management Committee (BRMC) is in place for effective risk oversight. The composition of BRMC warrants alignment with best practices; presently the committee is entirely comprised of non-executive nominee directors. Composition would benefit from increased independent representation at BRMC. Composition and functioning of the department is considered adequate. Scope extends to development and oversight of risk strategy, policy, framework, and methodology for ensuring compliance with the applicable SECP regulations and generally accepted risk management practices within the mutual funds industry. The risk management function also strictly monitors its investments' liquidity positions, market and credit risk for individual as well as sector level exposures. Internal Audit follows a risk based audit methodology whereby all audit observations are classified into high, medium and low risk category depending on the assessed risk. Quality of internal audit reports is satisfactory.

**Income from core operations witnessed improvement in FY21. Overall bottom line was supported by other income including realized & unrealized gain on sale and revaluation of investments and investment income during FY21. Leverage free balance sheet supports assessment of financial profile.**

Income from core operation increased by 22% during the outgoing fiscal year due to increase in assets under management by 19% and performance based advisory fee. Going forward, given planned AUM growth, core income is expected to increase. Total operating expenses rose by 13% in FY21. Despite of increase in operating expenses, overall bottom line was increased by 2.0x in FY21 as supported by realized and unrealized gain on sale and revaluation of investments and investment income on mutual fund units.

#### **Experienced management team and sound corporate governance framework**

AMIML has a stable and professional senior management team. New head of Risk Management has been appointed during FY21. Overall corporate governance framework is supported by adequate board composition and oversight. Effective functioning of board committee ensures satisfactory control framework and risk related oversight.

On the IT front, the company uses Symantec Backup Exec 15 software which is a high-performance data management solution for Windows servers' networks. With its client/server design, Backup Exec provides fast, reliable backup and restore capabilities for servers, applications, and workstations across the network. For the support of the Business Continuity Planning, a DR Site is operational in PTCL Data center Lahore. The facility provides the backup for all critical applications and there is a dedicated link between the main datacenter in Karachi and the DR Site to ensure that updates are sent on the network continuously. BCP site managed at AMIM Sales Hub Karachi with same real time replication as Primary site. Overall IT system is considered adequate and regular upgradation activity performed as per the company's capacity planning.

**Al-Meezan Investment Management Limited**
**Appendix I**

FINANCIAL SUMMARY				
<b><u>MEEZAN ISLAMIC FUND (MIF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	34,412	23,701	22,391	33,443
Return (%)	-17%	-24%	3%	36%
Benchmark (%)	-10%	-24%	2%	39%
Retail Proportion (% of Net assets)	52%	57%	59%	62%
Ranking Against Peers	16 out of 20	12 out of 17	5 out of 15	8 out of 19
<b><u>AL-MEEZAN MUTUAL FUND (AMMF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	6176	4185	3471	4,373
Return (%)	-17%	-24%	3%	33%
Benchmark (%)	-10%	-24%	2%	39%
Retail Proportion (% of Net assets)	37%	44%	40%	38%
Ranking Against Peers	15 out of 20	11 out of 17	4 out of 15	14 out of 19
<b><u>KSE-MEEZAN INDEX FUND (KMIF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1687	1,477	1,805	2,665
Return (%)	-11%	-25%	1%	36%
Benchmark (%)	-10%	-24%	2%	39%
Retail Proportion (% of Net assets)	19%	18%	19%	19%
<b><u>MEEZAN ISLAMIC INCOME FUND (MIIF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	8,522	8,378	26,661	26,872
Return (%)	4%	8%	12%	7%
Benchmark (%)	2%	4%	6%	4%
Retail Proportion (% of Net assets)	44%	71%	81%	78%
Ranking Against Peers	10 out of 17	10 out of 20	7 out of 21	6 out of 22
<b><u>MEEZAN SOVEREIGN FUND (MSF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	2,121	3,234	7,543	9,939
Return (%)	3%	7%	11%	8%
Benchmark (%)	5%	7%	8%	4%
Retail Proportion (% of Net assets)	70%	82%	73%	64%
Ranking Against Peers	2 out of 2	1 out of 2	1 out of 2	1 out of 22
<b><u>MEEZAN CASH FUND (MCF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	5,449	8,616	14,026	13,557
Return (%)	4%	8%	11%	6%
Benchmark (%)	3%	3%	5%	3%
Retail Proportion (% of Net assets)	43%	91%	89%	91%
Ranking Against Peers	4 out of 4	4 out of 4	2 out of 4	13 out of 14

<b><u>MEEZAN BALANCED FUND (MBF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	7,843	5,350	3,916	4,713
Return (%)	-9%	-13%	8%	18%
Benchmark (%)	-4%	-12%	6%	19%
Retail Proportion (% of Net assets)	51%	48%	51%	47%
<b><u>MEEZAN ASSET ALLOCATION FUND (MAAF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	2,877	1,854	1,339	1,672
Return (%)	-13%	-20%	7%	35%
Benchmark (%)	-7%	-19%	7%	34%
Retail Proportion (% of Net assets)	60%	53%	57%	56%
Ranking Against Peers	6 out of 9	12 out of 12	7 out of 11	1 out of 12
<b><u>MEEZAN GOLD FUND (MGF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	243	478	548	488
Return (%)	12%	30%	24%	-1%
Benchmark (%)	13%	28%	21%	2%
Retail Proportion (% of Net assets)	65%	72%	77%	70%
<b><u>MEEZAN ENERGY FUND (MEF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1,637	599	542	584
Return (%)	-1%	-33%	-10%	14%
Benchmark (%)	-10%	-24%	2%	39%
Retail Proportion (% of Net assets)	48%	60%	68%	73%
<b><u>MEEZAN DEDICATED EQUITY FUND (MDEF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1,857	1,761	619	1015
Return (%)	-3%	-27%	-3%	36%
Benchmark (%)	4%	-24%	2%	39%
<b><u>MEEZAN ROZANA AMDANI FUND (MRAF)</u></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	-	15,106	53,351	73,221
Return (%)	-	10%	12%	7%
Benchmark (%)	-	4%	5%	3%
Retail Proportion (% of Net assets)	-	41%	18%	23%
<b><u>MEEZAN DAILY INCOME PLAN-I</u></b>				<b>Oct'21</b>
Fund Size (in Rs. millions)				2,727
Return (%)				8%
Benchmark (%)				3%

<b>MEEZAN FINANCIAL PLANNING FUND OF FUNDS (MFPF)</b>				
<b><i>Aggressive Plan</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	497	365	283	348
Return (%)	-12%	-17%	7%	27%
Benchmark (%)	-6%	-17%	6%	31%
Retail Proportion (% of Net assets)	34%	36%	39%	37%
<b><i>Moderate Plan</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	309	203	119	146
Return (%)	-7%	-9%	10%	21%
Benchmark (%)	-3%	-11%	8%	22%
Retail Proportion (% of Net assets)	66%	66%	92%	90%
<b><i>Conservative Plan</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	290	222	144	224
Return (%)	-2%	-1%	11%	13%
Benchmark (%)	0%	-4%	8%	12%
Retail Proportion (% of Net assets)	70%	71%	54%	47%
<b><i>Meezan Asset Allocation Plan-I</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	829	593	318	156
Return (%)	-6%	-19%	6%	27%
Benchmark (%)	-5%	-16%	6%	31%
Retail Proportion (% of Net assets)	39%	33%	32%	39%
<b>MEEZAN STRATEGIC ALLOCATION FUND (MSAF)</b>				
<b><i>Meezan Strategic Allocation Plan I</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1,946	1,067	793	674
Return (%)	-13%	-17%	8%	27%
Benchmark (%)	-7%	-16%	6%	30%
Retail Proportion (% of Net assets)	58%	56%	47%	42%
<b><i>Meezan Strategic Allocation Plan II</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1,289	728	453	452
Return (%)	-13%	-16%	7%	26%
Benchmark (%)	-7%	-16%	5%	30%
Retail Proportion (% of Net assets)	44%	40%	45%	42%
<b><i>Meezan Strategic Allocation Plan III</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1,423	891	746	501
Return (%)	-13%	-16%	7%	27%
Benchmark (%)	-7%	-16%	5%	30%
Retail Proportion (% of Net assets)	68%	63%	53%	76%



<b><i>Meezan Strategic Allocation Plan IV</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1,666	1,003	751	213
Return (%)	-12%	-16%	7%	27%
Benchmark (%)	-6%	-16%	5%	30%
Retail Proportion (% of Net assets)	64%	55%	42%	88%
<b><i>Meezan Strategic Allocation Plan V</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	521	316	196	63
Return (%)	-3%	-16%	6%	28%
Benchmark (%)	3%	-16%	6%	30%
Retail Proportion (% of Net assets)	69%	66%	61%	55%
<b><i>Meezan Capital Preservation Plan III</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1,365	1,099	416	265
Return (%)	0%	6%	-1%	8%
Benchmark (%)	0%	-1%	-2%	4%
Retail Proportion (% of Net assets)	70%	66%	57%	55%
<b><u>MEEZAN STRATEGIC ALLOCATION FUND - II (MSAF-II)</u></b>				
<b><i>Meezan Capital Preservation Plan IV</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	2,115	1,553	1,112	767
Return (%)	0%	1%	2%	12%
Benchmark (%)	-1%	-3%	-1%	9%
Retail Proportion (% of Net assets)	68%	65%	57%	43%
<b><i>Meezan Capital Preservation Plan V</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	733	474	216	94
Return (%)	0%	0%	3%	8%
Benchmark (%)	0%	-3%	0%	4%
Retail Proportion (% of Net assets)	81%	85%	88%	78%
<b><i>Meezan Capital Preservation Plan VI</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	-	384	213	93
Return (%)	-	0%	0%	7%
Benchmark (%)	-	-3%	-1%	4%
Retail Proportion (% of Net assets)	-	82%	80%	89%
<b><i>Meezan Capital Preservation Plan VII</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	-	207	136	104
Return (%)	-	0%	0%	7%
Benchmark (%)	-	-4%	1%	4%
Retail Proportion (% of Net assets)	-	98%	99%	98%

<b><i>Meezan Capital Preservation Plan VIII</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	-	131	64	35
Return (%)	-	-2%	1%	7%
Benchmark (%)	-	-2%	-1%	4%
Retail Proportion (% of Net assets)	-	92%	92%	99%
<b><u>MEEZAN STRATEGIC ALLOCATION FUND - III (MSAF-III)</u></b>				
<b><i>Meezan Capital Preservation Plan IX</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	-	34	89	100
Return (%)	-	-4%	5%	18%
Benchmark (%)	-	-2%	-1%	17%
Retail Proportion (% of Net assets)	-	95%	19%	15%
<b><u>MEEZAN TAHAFFUZ PENSION FUND (MTPF)</u></b>				
<b><i>Equity sub-fund</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	5,432	4,086	4,131	5,511
Return (%)	-17%	-24%	6%	35%
<b><i>Debt sub-fund</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	2,762	2,807	3,178	4,334
Return (%)	3%	7%	11%	7%
<b><i>Money market sub-fund</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	1,014	2,073	3,092	3,379
Return (%)	3%	7%	10%	5%
<b><i>Gold sub-fund</i></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
Fund Size (in Rs. millions)	50	84	119	135
Return (%)	12%	28%	21%	0.4%

<b>FINANCIAL SUMMARY (Rs. in millions)</b>	<b>Appendix II</b>		
<b><u>BALANCE SHEET</u></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Paid Up Capital	500	500	500
Total Equity	2,997	3,345	3,760
<b><u>INCOME STATEMENT</u></b>			
Total income	1116	1536	2304
Profit Before Tax	453	814	1477
Profit After Tax	211	572	1138
<b><u>RATIO ANALYSIS</u></b>			
Net Cash Generated from Operating Activities	534	689.3	746.1
Current Ratio (x)	5.49	3.93	4.36
Gearing (x)	-	-	-

**VIS** Credit Rating Company Limited

**RATING SCALE & DEFINITIONS: MUTUAL FUNDS**

These ratings/rankings are not a recommendation to buy, sell, or hold any investment, in as much as they do not comment as to the yield or suitability for a particular investor. Eventually the risk/reward trade-off should be solely determined by investors.

**MANAGEMENT QUALITY RATINGS**

**AM1:**  
Asset manager exhibit Excellent management characteristics

**AM2++, AM2+, AM2:**  
Asset manager exhibit Very Good management characteristics

**AM3++, AM3+, AM3:**  
Asset manager exhibit Good management characteristics

**AM4++, AM4+, AM4:**  
Asset manager exhibit Adequate management characteristics

**AM5:**  
Asset manager exhibit Weak management characteristics

*For harmony in notations, single plus (+) or double plus (++) have replaced notation of plus (+) or minus (-) to indicate the relative degree of strength within each category.*

*For companies undertaking Investment Advisory Services only, the Management Quality Rating Scale is appended with the suffix 'IA' to distinguish it from other Management Quality Ratings outstanding by VIS.*

*For companies undertaking REIT Management Services only, the Management Quality Rating Scale is appended with the suffix 'RMC' to distinguish it from other Management Quality Ratings outstanding by VIS.*

**Rating Watch:** VIS places entities and issues on 'Rating Watch' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). Refer to our 'Criteria for Rating Watch' for details. [www.vis.com.pk/images/criteria\\_watch.pdf](http://www.vis.com.pk/images/criteria_watch.pdf)

**Rating Outlooks:** The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details. [www.vis.com.pk/images/criteria\\_outlook.pdf](http://www.vis.com.pk/images/criteria_outlook.pdf)

**FUND PERFORMANCE RANKINGS**

**MFR 5-Star** (top 10%) Very good performance

**MFR 4-Star** (next 22.5%) Good performance

**MFR 3-Star** (next 35%) Average performance

**MFR 2-Star** (next 22.5%) Below average performance

**MFR 1-Star** (last 10%) Weak performance

*Being based on actual performance, no Outlook or Rating Watch can be assigned to fund performance rankings.*

**FUND STABILITY RATINGS**

**AAA(f)**  
Highest degree of stability in Net Asset Value; Risk is negligible with very low sensitivity to changing economic conditions.

**AA+(f), AA(f), AA-(f)**  
High degree of stability in Net Asset Value; Risk is modest but may vary slightly from time to time because of changing economic conditions.

**A+(f), A(f), A-(f)**  
Moderate degree of stability in Net Asset Value; Risk factors may vary with possible changes in the economy.

**BBB+(f), BBB(f), BBB-(f)**  
Adequate degree of stability in Net Asset Value; Risk factors are considered variable if changes occur in the economy.

**BB+(f), BB(f), BB-(f)**  
Low degree of stability in Net Asset Value; Risk factors are sensitive to changes in the economy.

**B(f)**  
Very low degree of stability in Net Asset Value; Risk factors are capable of fluctuating widely if changes occur in the economy.

*The fund stability rating scale of AAA to B is appended by the letter (f) to denote fund ratings and to differentiate it from the nomenclature used for issue and issuer ratings.*

*While no outlook is assigned to the fund stability rating, the same may be placed under 'Rating Watch' if VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate reevaluation of the assigned rating. VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating Watch'. This shows VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating Watch' may result in a rating change, while the rating continues to be placed under 'Rating Watch'.*

REGULATORY DISCLOSURE				
Appendix IV				
<b>Name of Rated Entity</b>	<b>Al-Meezan Investment Management Limited</b>			
<b>Sector</b>	Mutual Funds			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Management Quality Rating			
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Outlook</b>	<b>Rating Action</b>
	12/27/2021	AM1	Stable	Reaffirmed
	12/31/2020	AM1	Stable	Reaffirmed
	12/31/2019	AM1	Stable	Maintained
	12/28/2018	AM1	Negative	Maintained
	12/29/2017	AM1	Stable	Reaffirmed
	3/17/2017	AM1	Stable	Upgrade
	5/4/2016	AM2++	Stable	Harmonized
	12/31/2015	AM2+	Stable	Reaffirmed
	12/3/2014	AM2+	Stable	Upgrade
	5/14/2013	AM2	Stable	Reaffirmed
	3/8/2012	AM2	Stable	Reaffirmed
	4/15/2011	AM2	Stable	Reaffirmed
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on Management quality only and is not a recommendation to buy or sell any securities.			
<b>Probability of Default</b>	N/A			
<b>Disclaimer</b>	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2021 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			
<b>Due Diligence Meetings Conducted</b>	<b>Name</b>	<b>Designation</b>	<b>Date</b>	
	Mr. Muhammad Asad	Chief Investment Officer	November 29, 2021	
	Mr. Talha Anwer	Chief Sales and Distribution Officer	November 29, 2021	
	Mr. Shahid Ojha	CFO	November 29, 2021	
	Mr. Salman Muslim	CS and Head of Fund Accounting	November 29, 2021	