

RATING REPORT

Al-Meezan Investment Management Limited (AMIML)

REPORT DATE:

December 30, 2022

RATING ANALYSTS:

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RATING DETAILS

| Rating Category | Latest Rating | Previous Rating |
|-----------------------|-------------------|-------------------|
| MQ Rating | AM1 | AM1 |
| Rating Date | December'30, 2022 | December'27, 2021 |
| Rating Outlook | Stable | Stable |
| Rating Action | Reaffirmed | Reaffirmed |

COMPANY INFORMATION

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

APPLICABLE METHODOLOGY(IES)

VIS Entity Rating Criteria: Asset Management Companies (June 2019)
<https://docs.vis.com.pk/docs/AMC-Methodology-201906.pdf>

Al-Meezan Investment Management Limited

OVERVIEW OF THE AMC

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 35 years of banking experience and has held several senior management positions. Currently, Mr. Islam is serving as Meezan Bank's Deputy CEO.

Profile of CEO

Mr. Mohammad Shoaib, CFA has over 30 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 Association of Pakistan (MUFAP).

RATING RATIONALE

Headquartered in Karachi, Al-Meezan Investment Management Limited ('AMIML' or 'the AMC') 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

AMIML continues to maintain its dominant market positioning as the largest AMC in the industry

Table 1: Market Share

| AUM's in Million | Jun'21 | Jun'22 | Nov'22 |
|------------------|-----------|-----------|-----------|
| AMIML AMC | 189,127 | 192,037 | 252,407 |
| Industry | 1,050,437 | 1,252,565 | 1,397,627 |
| Market Share | 18.0% | 15.3% | 18.06% |

(source: Mutual Fund Association of Pakistan (MUFAP))

- The AMC has continued to maintain its dominant market position as the largest AMC in the industry.
- AMIML's markets share in the Shariah Compliant asset management industry fell to 39.5% as of Oct'22 (Jun'22: 40%, Jun'21: 42%). The drop in Shari'a compliant segment market share is attributed to new entrants in this segment.

Table 2: Segmentation of AUMs

| | AUMs in Million | | | Proportion | | |
|--------------------------------------|-----------------|---------|---------|------------|--------|--------|
| | Jun-21 | Jun-22 | Oct-22 | Jun-21 | Jun-22 | Oct-22 |
| Islamic Income and Money Market Fund | 123,589 | 140,122 | 169,851 | 65.3% | 73.0% | 75.8% |
| Islamic Equity Fund | 38,400 | 27,946 | 26,622 | 20.3% | 14.6% | 11.9% |
| Others | 27,171 | 23,946 | 27,726 | 14.4% | 12.5% | 12.4% |

- Overall AUM mix since last review has tilted towards Islamic income and money market funds while proportion of equity funds in AUMs has declined mainly on account of adverse equity market returns during the period under review.
- Concentration in top 3 funds in total AUMs of the AMC is considered on the higher side with the same comprising 66.5% of AUMs at end-Oct'22 (Jun'22: 65.3%).
- During 4MFY23, the AMC launched 3 new plan: Meezan Mahana Munafa Plan (managed under Meezan Daily Income Fund), Meezan Paidaar Munafa Plan I and Meezan Paidaar Munafa Plan II (both managed under Meezan Fixed Term Fund). AMIML had 20 funds in its product portfolio as of Oct'22.
- Separately Managed Account (SMA) portfolio has decreased to 16 clients from 17 clients, with AUM's of Rs. 16.37b as at Jun'22 (Jun'21: 17.40b).

Ratings incorporate strong growth in Retail AUMs, improving investor granularity and extensive clientele

- Retail AUMs in relation to total AUMs increased to 59.0% as of Jun'22 (Jun'21: 52.4%). This was mainly as growth in AUMs entirely emanated from retail segment (up 15%), while corporate AUMs posted a declining trend (down 10%).
- Client concentration has trended down, as reflected by top-10 investors holding of 32.8% of the total AUM's as at Jun'22, decreasing from 37.9% as of Jun'21.
- Total client base of the AMC stood at 177k clients at end-Oct'22 (Jun'22: 168k) being the highest as compared to peers in the industry. Around 60% of the client base comprises active clients.

Rating takes into account Fund Performance

- Fund performance has improved as of Jun'22 with 7 off 31 funds (representing 40.8% of AUMs) posted return rankings in the first quartile.
- 4 funds are in quartile 2, 4 funds are in quartile 3 followed by 8 funds in quartile 4 comprising 15.6%, 0.8% and 22.4% of the AUMs respectively.
- Though in quantum term AUMs in first quartile has fallen to 41.7% in Oct'22 (Jun'22: 51.3%; Jun'21: 67.5%).
- In relation to peers, relative ranking of Meezan Rozana Amdani Fund remained in top quartile (ranked at 4th) while Meezan Islamic Income Fund has dropped down from first to fourth quartile (ranked at 17th) and Meezan Cash Fund remains in the fourth quartile, based on 365 day return as on Jun'22.

Table 3: Quartile wise breakup of AUMs (Ex. Fund of funds)

| <i>Rs. In Million</i> | <i>Jun-21</i> | <i>Jun-22</i> | <i>Oct-22</i> |
|-----------------------|----------------|----------------|----------------|
| Q1 | 111,804 | 72,631 | 83,344 |
| Q2 | 35,850 | 27,692 | 70,453 |
| Q3 | 5,731 | 1,421 | 25,160 |
| Q4 | 14,511 | 39,903 | 20,768 |
| Total AUMs | 167,896 | 141,647 | 199,724 |

Rating takes into account standalone business & financial risk profile of the AMC

- Revenue base contracted during FY22, due to the shift in AUM mix from equity to income funds and money market funds, as the latter feature lower management fees.
- Given weakening of revenue base, efficiency ratio has increased, albeit the same compares favorably to peers (Q1'FY23: 43.3%, FY22: 41.7%; FY21: 33.5%).
- Overall financial risk profile is viewed as conservative, given that the balance sheet remains debt-free.

Table 4: Financial Snapshot

| <i>(Pkr Mn.)</i> | FY21 | FY22 | 1QFY23 |
|----------------------------|--------------------------|---------------|----------------|
| | Profit & Loss | | |
| <i>Total Income</i> | 2,304 | 1,499 | 407 |
| <i>Profit Before Tax</i> | 1,477 | 842 | 225 |
| <i>Profit After Tax</i> | 1,138 | 570 | 144 |
| <i>Efficiency (%)</i> | 33.5% | 41.7% | 43.3% |
| | Balance Sheet | | |
| | Jun'21 | Jun'22 | Sept'22 |
| <i>Fixed Assets</i> | 297 | 268 | 233 |
| <i>Investments</i> | 3,972 | 2,851 | 3,009 |
| <i>Total Assets</i> | 4,765 | 4,231 | 4,357 |
| <i>Current Liabilities</i> | 1,006 | 783 | 765 |
| <i>Paid Up Capital</i> | 500 | 500 | 500 |
| <i>Accumulated Profit</i> | 3,260 | 2,948 | 3,092 |
| <i>Total Equity</i> | 3,760 | 3,448 | 3,592 |

Al-Meezan Investment Management Limited
Appendix I

| FINANCIAL SUMMARY | | | |
|-------------------------------------------------|-------------|--------------|--------------|
| <u>MEEZAN ISLAMIC FUND (MIF)</u> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 22,391 | 33,443 | 23,325 |
| Return (%) | 3% | 36% | -11% |
| Benchmark (%) | 2% | 39% | -10% |
| Retail Proportion (% of Net assets) | 59% | 62% | 49% |
| Ranking Against Peers | 5 out of 15 | 8 out of 19 | 7 out of 19 |
| <u>AL-MEEZAN MUTUAL FUND (AMMF)</u> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 3471 | 4373 | 4,183 |
| Return (%) | 3% | 33% | -11% |
| Benchmark (%) | 2% | 39% | -10% |
| Retail Proportion (% of Net assets) | 40% | 38% | 28% |
| Ranking Against Peers | 4 out of 15 | 14 out of 19 | 6 out of 19 |
| <u>KSE-MEEZAN INDEX FUND (KMIF)</u> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 1,805 | 2,665 | 2,576 |
| Return (%) | 1% | 36% | -11% |
| Benchmark (%) | 2% | 39% | -10% |
| Retail Proportion (% of Net assets) | 19% | 19% | 11% |
| <u>MEEZAN ISLAMIC INCOME FUND (MIIF)</u> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 26,661 | 26,872 | 18,609 |
| Return (%) | 12% | 7% | 9% |
| Benchmark (%) | 6% | 4% | 3% |
| Retail Proportion (% of Net assets) | 81% | 78% | 80% |
| Ranking Against Peers | 7 out of 21 | 6 out of 22 | 17 out of 21 |
| <u>MEEZAN SOVEREIGN FUND (MSF)</u> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 7,543 | 9,939 | 6,169 |
| Return (%) | 11% | 8% | 8% |
| Benchmark (%) | 8% | 4% | 3% |
| Retail Proportion (% of Net assets) | 73% | 64% | 71% |
| Ranking Against Peers | 1 out of 2 | 1 out of 22 | 19 out of 21 |
| <u>MEEZAN CASH FUND (MCF)</u> | FY20 | FY21 | FY22 |

| | | | |
|---------------------------------------------------|-------------|--------------|--------------|
| Fund Size (in Rs. millions) | 14,026 | 13,557 | 13,485 |
| Return (%) | 11% | 6% | 9% |
| Benchmark (%) | 5% | 3% | 4% |
| Retail Proportion (% of Net assets) | 89% | 91% | 90% |
| Ranking Against Peers | 2 out of 4 | 13 out of 14 | 14 out of 14 |
| <u>MEEZAN BALANCED FUND (MBF)</u> | | | |
| | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 3,916 | 4,713 | 2,641 |
| Return (%) | 8% | 18% | -4% |
| Benchmark (%) | 6% | 19% | -3% |
| Retail Proportion (% of Net assets) | 51% | 47% | 50% |
| <u>MEEZAN ASSET ALLOCATION FUND (MAAF)</u> | | | |
| | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 1,339 | 1,672 | 850 |
| Return (%) | 7% | -19% | -19% |
| Benchmark (%) | 7% | -8% | -8% |
| Retail Proportion (% of Net assets) | 57% | 56% | 55% |
| Ranking Against Peers | 7 out of 11 | 1 out of 12 | 11 out of 12 |
| <u>MEEZAN GOLD FUND (MGF)</u> | | | |
| | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 548 | 488 | 604 |
| Return (%) | 24% | -1% | 25% |
| Benchmark (%) | 21% | 2% | 23% |
| Retail Proportion (% of Net assets) | 77% | 70% | 70% |
| <u>MEEZAN ENERGY FUND (MEF)</u> | | | |
| | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 542 | 584 | 438 |
| Return (%) | -10% | 14% | -8% |
| Benchmark (%) | 2% | 39% | -10% |
| Retail Proportion (% of Net assets) | 68% | 73% | 75% |
| <u>MEEZAN DEDICATED EQUITY FUND (MDEF)</u> | | | |
| | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 619 | 1,015 | 753 |
| Return (%) | -3% | 36% | -14% |
| Benchmark (%) | 2% | 39% | -10% |
| <u>MEEZAN ROZANA AMDANI FUND (MRAF)</u> | | | |
| | FY20 | FY21 | FY22 |

| | | | |
|--------------------------------------------------------------|-------------|-------------|-------------|
| Fund Size (in Rs. millions) | 53,351 | 73,221 | 71,689 |
| Return (%) | 12% | 7% | 10% |
| Benchmark (%) | 5% | 3% | 4% |
| Retail Proportion (% of Net assets) | 18% | 23% | 34% |
| <u>MEEZAN DAILY INCOME PLAN-I</u> | | | |
| | | FY21 | FY22 |
| Fund Size (in Rs. millions) | | - | 30,649 |
| Return (%) | | - | 11% |
| Benchmark (%) | | - | 3% |
| <u>MEEZAN Paaidaar Munafa Plan-I</u> | | | |
| | | FY21 | FY22 |
| Fund Size (in Rs. millions) | | - | 1,936 |
| Return (%) | | - | 14% |
| Benchmark (%) | | - | 3% |
| <u>MEEZAN FINANCIAL PLANNING FUND OF FUNDS (MFPF)</u> | | | |
| <i>Aggressive Plan</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 283 | 348 | 290 |
| Return (%) | 7% | 27% | -5% |
| Benchmark (%) | 6% | 31% | -7% |
| Retail Proportion (% of Net assets) | 39% | 37% | 29% |
| <i>Moderate Plan</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 119 | 146 | 100 |
| Return (%) | 10% | 21% | 0% |
| Benchmark (%) | 8% | 22% | -4% |
| Retail Proportion (% of Net assets) | 92% | 90% | 90% |
| <i>Conservative Plan</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 144 | 224 | 141 |
| Return (%) | 11% | 13% | 4% |
| Benchmark (%) | 8% | 12% | 0% |
| Retail Proportion (% of Net assets) | 54% | 47% | 56% |
| <i>Meezan Asset Allocation Plan-I</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 318 | 156 | 84 |
| Return (%) | 6% | 27% | -3% |

| | | | |
|-------------------------------------------------------|-------------|-------------|-------------|
| Benchmark (%) | 6% | 31% | -7% |
| Retail Proportion (% of Net assets) | 32% | 39% | 44% |
| <u>MEEZAN STRATEGIC ALLOCATION FUND (MSAF)</u> | | | |
| <i>Meezan Strategic Allocation Plan I</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 793 | 674 | 383 |
| Return (%) | 8% | 27% | -6% |
| Benchmark (%) | 6% | 30% | -7% |
| Retail Proportion (% of Net assets) | 47% | 42% | 46% |
| <i>Meezan Strategic Allocation Plan II</i> | | | |
| <i>Meezan Strategic Allocation Plan II</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 453 | 452 | 322 |
| Return (%) | 7% | 26% | -7% |
| Benchmark (%) | 5% | 30% | -7% |
| Retail Proportion (% of Net assets) | 45% | 42% | 36% |
| <i>Meezan Strategic Allocation Plan III</i> | | | |
| <i>Meezan Strategic Allocation Plan III</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 746 | 501 | 214 |
| Return (%) | 7% | 27% | -7% |
| Benchmark (%) | 5% | 30% | -7% |
| Retail Proportion (% of Net assets) | 53% | 76% | 82% |
| <i>Meezan Strategic Allocation Plan IV</i> | | | |
| <i>Meezan Strategic Allocation Plan IV</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 751 | 213 | 105 |
| Return (%) | 7% | 27% | -7% |
| Benchmark (%) | 5% | 30% | -7% |
| Retail Proportion (% of Net assets) | 42% | 88% | 83% |
| <i>Meezan Strategic Allocation Plan V</i> | | | |
| <i>Meezan Strategic Allocation Plan V</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 196 | 63 | 49 |
| Return (%) | 6% | 28% | -8% |
| Benchmark (%) | 6% | 30% | -7% |
| Retail Proportion (% of Net assets) | 61% | 55% | 52% |
| <i>Meezan Capital Preservation Plan III</i> | | | |
| <i>Meezan Capital Preservation Plan III</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 416 | 265 | 196 |
| Return (%) | -1% | 8% | 5% |

| | | | |
|-----------------------------------------------------------------|-------------|-------------|-------------|
| Benchmark (%) | -2% | 4% | 1% |
| Retail Proportion (% of Net assets) | 57% | 55% | 51% |
| <u>MEEZAN STRATEGIC ALLOCATION FUND - II (MSAF-II)</u> | | | |
| <i>Meezan Capital Preservation Plan IV</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 1,112 | 767 | 623 |
| Return (%) | 2% | 12% | -1% |
| Benchmark (%) | -1% | 9% | -2% |
| Retail Proportion (% of Net assets) | 57% | 43% | 33% |
| <i>Meezan Capital Preservation Plan V</i> | | | |
| <i>Meezan Capital Preservation Plan V</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 216 | 94 | 63 |
| Return (%) | 3% | 8% | 6% |
| Benchmark (%) | 0% | 4% | 2% |
| Retail Proportion (% of Net assets) | 88% | 78% | 66% |
| <i>Meezan Capital Preservation Plan VI</i> | | | |
| <i>Meezan Capital Preservation Plan VI</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 213 | 93 | 65 |
| Return (%) | 0% | 7% | 10% |
| Benchmark (%) | -1% | 4% | 4% |
| Retail Proportion (% of Net assets) | 80% | 89% | 84% |
| <i>Meezan Capital Preservation Plan VII</i> | | | |
| <i>Meezan Capital Preservation Plan VII</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 136 | 104 | 40 |
| Return (%) | 0% | 7% | 7% |
| Benchmark (%) | 1% | 4% | 3% |
| Retail Proportion (% of Net assets) | 99% | 98% | 100% |
| <i>Meezan Capital Preservation Plan VIII</i> | | | |
| <i>Meezan Capital Preservation Plan VIII</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 64 | 35 | 0 |
| Return (%) | 1% | 7% | 0% |
| Benchmark (%) | -1% | 4% | 0% |
| Retail Proportion (% of Net assets) | 92% | 99% | 0% |
| <u>MEEZAN STRATEGIC ALLOCATION FUND - III (MSAF-III)</u> | | | |
| <i>Meezan Capital Preservation Plan IX</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 89 | 100 | 427 |

| | | | |
|--------------------------------------------|-------------|-------------|-------------|
| Return (%) | 5% | 18% | 1% |
| Benchmark (%) | -1% | 17% | -1% |
| Retail Proportion (% of Net assets) | 19% | 15% | 99% |
| MEEZAN TAHAFFUZ PENSION FUND (MTPF) | | | |
| <i>Equity sub-fund</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 4,131 | 5,511 | 4,593 |
| Return (%) | 6% | 35% | -10% |
| <i>Debt sub-fund</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 3,178 | 4,334 | 5,012 |
| Return (%) | 11% | 7% | 8% |
| <i>Money market sub-fund</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 3,092 | 3,379 | 4,307 |
| Return (%) | 10% | 5% | 8% |
| <i>Gold sub-fund</i> | FY20 | FY21 | FY22 |
| Fund Size (in Rs. millions) | 119 | 135 | 167 |
| Return (%) | 21% | 0% | 23.9% |

| FINANCIAL SUMMARY (Rs. in millions) | | Appendix II | | |
|----------------------------------------------|--|--------------------|---------------|---------------|
| <u>BALANCE SHEET</u> | | Jun-20 | Jun-21 | Jun-22 |
| Paid Up Capital | | 500 | 500 | 500 |
| Total Equity | | 3,345 | 3,760 | 3,448 |
| <u>INCOME STATEMENT</u> | | | | |
| Total income | | 1,536 | 2,304 | 1,499 |
| Profit Before Tax | | 814 | 1,477 | 842 |
| Profit After Tax | | 572 | 1,138 | 570 |
| <u>RATIO ANALYSIS</u> | | | | |
| Net Cash Generated from Operating Activities | | 689 | 746 | 580 |
| Current Ratio (x) | | 3.93 | 4.36 | 4.03 |
| 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

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

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 | | | | |
| Name of Rated Entity | Al-Meezan Investment Management Limited | | | |
| Sector | Mutual Funds | | | |
| Type of Relationship | Solicited | | | |
| Purpose of Rating | Management Quality Rating | | | |
| Rating History | Rating Date | Medium to Long Term | Outlook | Rating Action |
| | 12/30/2022 | AM1 | Stable | Reaffirmed |
| | 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 |
| Instrument Structure | N/A | | | |
| Statement by the Rating Team | 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. | | | |
| Probability of Default | N/A | | | |
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| Due Diligence Meetings Conducted | Name | Designation | Date | |
| | Mr. Talha Anwer | Chief Sales and Distribution Officer | November 25, 2022 | |
| | Mr. Shahid Ojha | Chief Financial Officer | | |
| | Mr. Salman Muslim | CS and Head of Fund Accounting | | |