

RATING REPORT

Faysal Asset Management Limited

REPORT DATE:

December 30, 2022

RATING ANALYSTS:

Syeda Batool Zehra Zaidi

batool.zaidi@vis.com.pk

M. Amin Hamdani

amin.hamdani@vis.com.pk

RATING DETAILS

Rating Category	Latest Rating	Previous Rating
	Management Quality	
MQ Rating	AM2++	AM2+
Rating Outlook	Stable	Stable
Rating Date	December 30, 2022	December 31, 2021
Rating Action	Upgrade	Reaffirmed

COMPANY INFORMATION

Incorporated in August 2003	External auditors: M/s A. F. Ferguson & Co., Chartered Accountants
Unlisted Public Limited Company	Chairman of the Board: Mr. Salman Ahmed Usmani
Key Shareholders (with stake 5% or more): Faysal Bank Limited – 99.99%	Chief Executive Officer: Mr. Khaldoon bin Latif

APPLICABLE METHODOLOGY(IES)

VIS Management Quality Rating Criteria: Asset Management Companies (June, 2019)

<https://docs.vis.com.pk/docs/AMC-Methodology-201906.pdf>

Faysal Asset Management Limited

OVERVIEW OF THE INSTITUTION	RATING RATIONALE
<p>Faysal Asset Management Limited (FAML) was incorporated in 2003 as an unlisted public limited company under Companies Ordinance, 1984. It is licensed to conduct asset management and investment advisory services.</p> <p>Profile of Chairman Mr. Salman Usmani has an extensive experience of over three decades in the local as well as multinational banking sector. His broad expertise covers Treasury and Risk Management, Asset and Liability Management, Strategic Planning, Corporate Restructuring, Strategic Negotiations, Acquisitions and Strategic Alliances and International Operations. Presently, he is associated with Faysal Bank Limited as Head of Treasury. Prior to joining Faysal Bank Limited, he was also associated with MCB Bank Limited as Global Treasurer and Head Investment Banking Group. His past experience has been with organizations such as ANZ Grindlays, American Express, Bank of America, Mashreq Bank, United Bank Limited & MCB Bank Limited. He holds an MBA Degree from Grand Valley State University, USA.</p> <p>Profile of CEO Mr. Latif has extensive experience in brokerage, open and close-end mutual funds management, equity brokerage. Mr. Latif has served at a number of Asset management companies of Pakistan, including BMA Asset management as CEO, JS Investments Ltd as CIO, KASB Funds as CEO.</p>	<p>Faysal Asset Management Limited (‘FAML’ or ‘the AMC’) was incorporated in 2003 as an unlisted public limited company. Faysal Asset Management Limited is a subsidiary of Faysal Bank Limited (FBL). FBL holds 99.99% shares of Faysal Asset Management Limited. It is licensed to conduct asset management and investment advisory services.</p> <p>Key Rating Drivers:</p> <p>Continued sizeable growth in Assets Under Management (AUMs) along with diversification in product portfolio has been noted</p> <ul style="list-style-type: none"> FAML’s AUMs registered a growth of 21% during FY22 to stand at Rs. 75b as at June’2022 (June’2021: Rs. 62b), while the industry grew by 18% during same period. During 4MFY23, AUMs further witnessed a growth of 23% to Rs. 92b as at October’2022. (4MFY23 Industry growth is 8%), leading to increase in market share to 6.8%. (June’22: 5.99%, June’21: 5.83%). Faysal Halal Amdani Fund, Faysal Islamic Cash Fund, Faysal Income & Growth Fund and Financial Sector Opportunity Fund registered the highest growth of 74%, 27%, 339% and 303% (respectively) during FY22; these four funds comprise more than 50% of FAML’s total AUMs as at end-October’22. As of October’22, 80% of FAML’s total AUMs remain deployed within income and money market funds while remaining are invested in equity funds (1.23%) and other schemes. Subsequent to year end, AUM buildup was observed in Faysal Financial sector Opportunity Fund which has increased to Rs. 9.8b as of Oct’22 (FY22: Rs. 3.6b). The fund is majorly invested in the financial sector with placements in ‘A+’ rated commercial and microfinance banks. Year to date performance of the fund was in Quartile 1 as of Oct 2022. The AMC is primarily dominated in the Islamic Money market category where they hold about 14%-16% market share. In the equity funds category, market presence was recorded at less than 1%. In line with their expansion strategy, FAML is consistently diversifying its product portfolio. During 4MFY23, the AMC added 2 new funds within its conventional and Islamic variants including a CPPI plan. FAML has also planned to launch Shariah compliant and conventional ETFs along with its REIT Fund during the coming half. Additionally, 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). FAML’s SMA portfolio, however, depicts decline on a timeline basis. As at June’22, overall AUMs declined to Rs. 6.7b (June’21: 10b) while number of clients also decreased to 37 at Sept ’22 end. Going forward, conversion of conventional AUMs to Islamic (Rs. 26b as of June 30, 2022), along with improvement in market share with continued growth in AUMs and enhancement in market presence across categories will remain important from rating perspective.

Assigned ratings take note of improvement in investor granularity on the back of strong in-house retail sales as well as leveraging of bank channel:

- Investor concentration witnessed improvement during FY22 with retail proportion at 49% (FY21 40%) of total investment portfolio which remained intact at end-October'22. Top-10 client concentration has also improved as top 10 investors hold approximately 30% of the total portfolio (FY21 35%).
- Retail sales are further expected to witness upward trend as the Company has launched its digital mobile application in order to further enhance the same. The project is expected to go live by end-CY22. Additionally, the Company also is also close to launching digital integration with Easypaisa to further increase retail customer base.
- Company has also expanded its PAN-Pakistan in-house retail sales team strength to 55. At present FAML is operating from 6 retail offices in Karachi, Lahore, Islamabad and Rawalpindi. During FY22, over 72% of total business was generated through the Company's in-house retail channel while the remaining quantum was generated through FBL (Faysal Bank Limited).
- Going forward, the Company plans on further expanding infrastructure for its retail sales team to over 100-120 with an expanded geographical footprint across the country.

Improved Fund performance

- End-June'22, fund performance depicted improvement as over 63% of FAML's total AUMs remained deployed in the 1st quartile (June'21 45% AUMs). Remaining 18% of the AUMs were deployed in the 4th quartile while 20% of the remaining AUMs were placed in the 3rd quartile during FY22.
- Their flagship money market funds Faysal Halal Amdani and Faysal Cash Fund continued to perform in Q1 in FY22. However, fund performance in the equity segment remained subdued with no AUM's falling in Q1.
- Fund performance witnessed slight dip end-October'22 as AUMs deployed in the 1st quartile decreased to 42%, remaining 44% AUMs were deployed in the 2nd quartile, 4% in the 3rd and 11% in 4th quartile respectively.
- Going forward, amidst challenging macroeconomic conditions and weakening across certain sectors, maintaining credit quality metrics across funds will remain important for rating.

Earning profile witnessed improvement on the back of growth in AUMs and augmented revenue base. Liquidity and capitalization indicators continue to remain strong.

- During CY21, the Company's earning profile witnessed significant improvement on the back of increase in core revenue. AUM growth remained a major driver for increase in management fee which reportedly increased by 129% from the preceding period.
- Boost in the Company's earning profile was also supported by increase in advisory fee and investment income. Additionally, recurring revenue also increased through addition of another new income stream of Tawarruq transaction fee during CY22.
- Cost to income ratio also improved substantially, efficiency improved to 44% in CY21 (CY20 73%). Cost to income ratio further improved to 42% end-9MCY22.
- Bottom-line profitability also posted significant improvement since the preceding year. Total revenue of the Company amounted to Rs. 576m during CY21, growth momentum further continued to 9MCY22 where total revenue was reported to be Rs.517m.

- Capitalization indicators and liquidity metrics continue to remain strong. Current ratio of the Company end-9MCY22 is 8.2x (CY21: 6.6x, CY20: 7.32x)

Financial Snapshot (PkR Mn.)	2HCY19*	CY20	CY21	9MCY22
Profit & Loss				
Total Revenue	80	273	576	440
(Loss) / Profit Before Tax	(17)	91	327	255
(Loss) / Profit After Tax	(13)	140	243	140
Efficiency (%)	122%	73%	44%	42%
Balance Sheet				
	<u>Dec'19</u>	<u>Dec'20</u>	<u>Dec'21</u>	<u>Sep'22</u>
Fixed Assets	57	36	30	186
Investments	231	721	503	915
Total Assets	390	1,063	1,346	1,579
Lease Liabilities (Inc. Current Portion)				
Total Liabilities	101	134	177	274
Paid Up Capital	430	930	930	930
Accumulated Profit / (Loss)	(160)	(21)	219	433
Total Equity	290	929	1,169	1,383
Current ratio	3.95	7.32	6.60	8.20
Gearing (x)	0.20	0.05	0.02	0.10
Leverage (x)	0.37	0.15	0.15	0.20

*FAML changed its financial year to CY basis

Assigned ratings are supported by presence of experienced management team, sound corporate governance and well formulated investment process

- During the year the Company increased their board size through addition of a female director boding well with best governance practices. At present, FAML's board comprises of 7 members along with 4 Investment Committees (ICs). There is a team of 5 fund managers, 2 each for fixed income and equities and 1 for VPS. The Research function comprises of 4 analysts in addition to the HoD (Director Research). IC comprises of Head of Risk, Head of Compliance, CFO, CEO, Chief Investment Officer, Head of Research and fund manager. All members in the ICs are voting members. However, external certification of investment process may be considerer
- Risk department has developed Enterprise Risk Management (ERM) framework in order to conduct companywide operational risk assessment.

FINANCIAL SUMMARY					Appendix I
<u>Faysal Money Market Fund</u>	FY18	FY19	FY20	FY21	FY22
Fund Size (in Rs. millions)	2,246.60	2,768.80	5,244.96	7,988.17	6,949.59
Return (%)	5.23	8.87	12.57	6.89	10.49
Benchmark (%)	5.4	8.7	11.65	6.7	9.28
Retail Proportion (% of Net assets – Sep'20 in FY20 column)	16.2	8.3	8.7	9.8	31%
Ranking Against Peers	14/22	10/20	14/21	9/22	7/24
Launch date: December 2010					
<u>Faysal Savings Growth Fund</u>					
Fund Size (in Rs. millions)	2,187.30	1,570.00	2,610.85	2,430.89	2,383.56
Return (%)	4.9	7.59	11.67	6.47	8.8
Benchmark (%)	6.4	10.2	12.22	7.43	10.8
Retail Proportion (% of Net assets – Sep'20 in FY20 column)	33.5	31.2	21.6	23.3	41.4
Ranking Against Peers	18/29	21/31	29/31	17/31	23/30
Launch date: May 2007					
<u>Faysal Financial Sector Opportunity Fund</u>					
Fund Size (in Rs. millions)	110.7	702.4	1,082.00	895.7	3,613.27
Return (%)	4.85	8.81	12.91	6.77	10.92
Benchmark (%)	6.4	10.2	12.22	7.43	10.8
Retail Proportion (% of Net assets – Sep'20 in FY20 column)	72.7	48.2	69.7	70.2	79.2
Ranking Against Peers	19/29	10/31	23/31	31/31	2/30
Launch date: July 2013					
<u>Faysal Islamic Savings Growth Fund</u>					
Fund Size (in Rs. millions)	1,013.30	1,643.40	2,241.25	4,013.61	2,759.61
Return (%)	4.42	7.85	10.67	6.75	8.5
Benchmark (%)	2.4	3.7	6.33	3.56	3.3
Retail Proportion (% of Net assets – Sep'20 in FY20 column)	34.8	29.6	31.7	50.3	41.4
Ranking Against Peers	10/20	11/21	13/21	4/22	18/21
Launch date: June 2010					
<u>Faysal Income & Growth Fund</u>					
Fund Size (in Rs. millions)	902.3	544.8	773.49	1,100.72	4,831.37
Return (%)	5.15	7.81	11.19	6.81	10.38
Benchmark (%)	6.7	10.7	12.26	7.77	11.26
Retail Proportion (% of Net assets – Sep'20 in FY20 column)	18.5	16.9	10.7	6.5	1.6
Ranking Against Peers	4/7	3/7	5/7	6/7	5/6
Launch date: October 2005					
<u>Faysal Asset Allocation Fund</u>					

Fund Size (in Rs. millions)	186.8	95.1	113.69	321.98	158.74
Return (%)	-21.64	-20.96	1.83	92.39	-24.59
Benchmark (%)	-5.8	-7.3	6.01	34	-8.67
Retail Proportion (% of Net assets – Sep'20 in FY20 column)	47.9	45.7	14	71.3	54.3
Ranking Against Peers	12/12	13/13	9/15	1/14	7/13
Launch date: July 2006					
<u>Faysal Stock Fund</u>					
Fund Size (in Rs. millions)	221.4	116.5	104.94	2,425.18	1,177.89
Return (%)	-18.31	-28.24	4.57	81.45	-26.43
Benchmark (%)	-10	-19.1	1.53	37.58	-12.28
Retail Proportion (% of Net assets – Sep'20 in FY20 column)	45.4	26.6	27.9	35.2	10.6
Ranking Against Peers	22/24	24/27	8/24	3/27	6/26
Launch date: April 2004					
<u>Faysal Islamic Asset Allocation Fund</u>					
Fund Size (in Rs. millions)	428.6	180	1,833.90	2,665.46	2,435.56
Return (%)	-19.77%	-19.46	10.89	8.33	9.89
Benchmark (%)	-5.2	-13.2	4.48	3.56	3.34
Retail Proportion (% of Net assets – Sep'20 in FY20 column)	0.5	58.4	2.4	1.8	2
Ranking Against Peers	10/12	12/13	1/11	9/12	5/12
Launch date: September 2015					
<u>Faysal MTS Fund</u>					
Fund Size (in Rs. millions)	644	838.3	1,000.64	5,461.44	1,875.05
Return (%)	5.63	9.04	13.04	8.02	10.41
Benchmark (%)	6.4	10.2	12.22	7.43	10.8
Retail Proportion (% of Net assets – Oct'19)	59.9	66.8	62.9	52.6	54.9
Ranking Against Peers	5/29	8/31	22/31	1/31	19/33
Launch date: April 2016					
<u>Faysal Sharia Capital Preservation Plan Fund</u>					
Fund Size (in Rs. millions)			961.98	766.22	
Return (%)			5.39*	16.55	
Benchmark (%)			5.91*	16.27	
Retail Proportion (% of Net assets – Sep'20 in FY20 column)			98	91.6	
Ranking Against Peers			10/31	5/28	
Launch date: July 2019					
<u>Faysal Sharia Capital Preservation Plan Fund-II</u>					
Fund Size (in Rs. millions)			1,088.40	930.47	

Return (%)			3.28*	20.75	
Benchmark (%)			5.28*	18	
Retail Proportion (% of Net assets – Sep'20 in FY20 column)			99	98.7	
Ranking Against Peers			13/31	1/28	
Launch date: September 2019					
<u>Faysal Sharia Capital Preservation Plan Fund-III</u>					
Fund Size (in Rs. millions)			1,249.65	1,271.89	141.96
Return (%)			1.88*	21.32	-2.86
Benchmark (%)			4.14*	18.22	-0.15
Retail Proportion (% of Net assets – Sep'20 in FY20 column)				97.70%	
Ranking Against Peers			21/32	2/28	24th/26
Launch date: March 2020					
<u>Faysal Sharia Capital Preservation Plan Fund-IV</u>					
Fund Size (in Rs. millions)				441.08	306.35
Return (%)				14.03*	-6.78
Benchmark (%)				13.25*	-1.64
Retail Proportion				98.70%	
Ranking Against Peers				7/28	26/26
Launch date: July 2020					
<u>Faysal Sharia Capital Preservation Plan Fund-V</u>					
Fund Size (in Rs. millions)				1,017.06	763.01
Return (%)				10.50*	-6.82
Benchmark (%)				10.32*	-2.22
Retail Proportion				99.30%	
Ranking Against Peers				11/28	4/26
Launch date: October 2020					
<u>Faysal Sharia Capital Preservation Plan Fund-VI</u>					
Fund Size (in Rs. millions)				1,481.34	1,148.17
Return (%)				5.69*	-5.84
Benchmark (%)				4.69*	-1.77
Retail Proportion				96.00%	%
Ranking Against Peers				18/28	4/26
Launch date: December 2020					
<u>Faysal Sharia Capital Preservation Plan Fund-VII</u>					
Fund Size (in Rs. millions)				3,099.39	2,289.15
Return (%)				1.98*	-5.26

Benchmark (%)				1.68*	-1.95
Retail Proportion				98.90%	
Ranking Against Peers				28/28	23/26
Launch date: December 2020					
<u>Faysal Sharia Capital Preservation Plan Fund-VIII</u>					
Fund Size (in Rs. millions)					3,300.53
Return (%)					-5.62
Benchmark (%)					-2.04
Retail Proportion					
Ranking Against Peers					21/23
Launch date: August 26, 2021					
<u>Faysal Sharia Capital Preservation Plan Fund-VIII</u>					
Fund Size (in Rs. millions)					2917.4
Return (%)					-2.42
Benchmark (%)					-1.11
Retail Proportion					
Ranking Against Peers					20/23
Launch date: January 12, 2022					
<u>Faysal Special Savings Plan - I</u>					
Fund Size (in Rs. millions)					929.91
Return (%)					6.44
Benchmark (%)					8.66
Retail Proportion					
Ranking Against Peers					1st/6
Launch date: October 1, 2021					
<u>Faysal Islamic Special Income Fund</u>					
Fund Size (in Rs. millions)					105.32
Return (%)					13.14
Benchmark (%)					4
Retail Proportion					
Ranking Against Peers					13/24
Launch date: June 20, 2022					
<u>Faysal Pension Fund (Debt Sub)</u>					
Fund Size (in Rs. millions)					36.47
Return (%)					4.82
Benchmark (%)					

Retail Proportion					
Ranking Against Peers					
Launch date: June 20, 2022					
<u>Faysal Pension Fund (Equity Sub)</u>					
Fund Size (in Rs. millions)					32.37
Return (%)					-8.14
Benchmark (%)					
Retail Proportion					
Ranking Against Peers					
Launch date: June 20, 2022					
<u>Faysal Pension Fund (Money Market Sub)</u>					
Fund Size (in Rs. millions)					37.27
Return (%)					7.17
Benchmark (%)					
Retail Proportion					
Ranking Against Peers					
Launch date: June 20, 2022					
<u>Faysal Islamic Pension Fund (Debt Sub)</u>					
Fund Size (in Rs. millions)					35.42
Return (%)					6.71
Benchmark (%)					
Retail Proportion					
Ranking Against Peers					
Launch date: October 5, 2021					
<u>Faysal Islamic Pension Fund (Equity Sub)</u>					
Fund Size (in Rs. millions)					30.14
Return (%)					-3.65
Benchmark (%)					
Retail Proportion					
Ranking Against Peers					
Launch date: October 5, 2021					
<u>Faysal Islamic Pension Fund (Money Market Sub)</u>					
Fund Size (in Rs. millions)					37.52
Return (%)					6.75
Benchmark (%)					
Retail Proportion					

Ranking Against Peers					
Launch date: October 5, 2021					
<u>Faysal Halal Amdani Fund</u>					
Fund Size (in Rs. millions)			6,592.41	10,300.26	17,902.65
Return (%)			11.75*	6.78	10.12
Benchmark (%)			5.36*	3.41	3.67
Retail Proportion (% of Net assets – Sep'20 in FY20 column)			48.4	38.90%	55.8
Ranking Against Peers			9/3	14/14	4/17
Launch date: October 2019					
<u>Faysal Financial Value Fund</u>					
Fund Size (in Rs. millions)			1,691.66	1,868.86	2,159.21
Return (%)			6.57*	9.53	11.22
Benchmark (%)			6.56*	7.29	10.24
Retail Proportion (% of Net assets – Sep'20 in FY20 column)			100	100	100
Ranking Against Peers			4/15	11/14	7/13
Launch date: December 2019					
<u>Faysal Government Securities Fund</u>					
Fund Size (in Rs. millions)			2,753.26	1,051.58	610.36
Return (%)			10.9	6.8	8.55
Benchmark (%)			8.73	7.28	10.67
Retail Proportion (% of Net assets – Sep'20 in FY20 column)			0	0	82.7
Ranking Against Peers			31/31	14/31	19/33
Launch date: March 2020					
<u>Faysal Islamic Dedicated Equity Fund</u>					
Fund Size (in Rs. millions)			995.31	4,181.84	2,685.98
Return (%)			-20.97*	47.23	-21.04
Benchmark (%)			-20.38*	39.32	-10.25
Retail Proportion (% of Net assets – Sep'20 in FY20 column)			0	n/a	0
Ranking Against Peers			n/a	n/a	
Launch date: January 2020					
<u>Faysal Active Principal Preservation Plan</u>					
Fund Size (in Rs. millions)			739.32	565.47	
Return (%)			6.65*	19.83	
Benchmark (%)			2.83*	20.61	
Retail Proportion (% of Net assets – Sep'20 in FY20 column)			n/a	95.6	
Ranking Against Peers			n/a	n/a	

Launch date: December 2019					
<u>Faysal Islamic Stock Fund</u>					
Fund Size (in Rs. millions)				744.81	505.33
Return (%)				40.73*	-23.25
Benchmark (%)				27.81*	-10.25
Retail Proportion				29.5	
Ranking Against Peers				2/19	3/19
Launch date: July 2020					
<u>Faysal Islamic Cash Fund</u>					
Fund Size (in Rs. millions)				11,350.93	14,140.32
Return (%)				6.95*	10.18
Benchmark (%)				3.38*	3.67
Retail Proportion				2.9	10.6
Ranking Against Peers				1/14	5/17
Launch date: August 2020					
<u>Faysal Cash Fund</u>					
Fund Size (in Rs. millions)				113.59	1,382.56
Return (%)				5.62*	9.92
Benchmark (%)				6.65*	9.28
Retail Proportion				0	87.8
Ranking Against Peers				22/22	9/24
Launch date: January 2021					

*FY to date returns

FINANCIAL SUMMARY		<i>(amounts in PKR millions)</i>			
<u>BALANCE SHEET</u>	2HCY19	CY2020	CY2021	9MCY22	
Paid Up Capital	430	930	930	930	
Total Equity	290	929	1,169	1,383	
<u>INCOME STATEMENT</u>					
Total income	80	273	576	517	
Profit Before Tax	(17)	74	327	319	
Profit After Tax	(13)	123	243	424	
<u>RATIO ANALYSIS</u>					
Net Cash (used in) Generated from Operating Activities	(45)	(49)	315	213	
Current Ratio (x)	3.95	7.32	6.60	8.20	
Gearing (x)	0.20	0.05	0.02	0.10	

*FAML changed its financial year to CY basis

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 III		
Name of Rated Entity	Faysal Asset 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
	30-Dec-22	AM2++	Stable	Upgrade
	31-Dec-21	AM2+	Stable	Reaffirmed
	10-Aug-21	AM2+	Stable	Upgrade
	31-Dec-20	AM2	Positive	Maintained
	18-Feb-20	AM2	Stable	Upgrade
	25-Jun-19	AM3+	Positive	Upgrade
	19-Mar-18	AM3	Rating Watch-Developing	Downgrade
	4-May-16	AM3++	Stable	Reaffirmed
	25-Mar-16	AM3+	Stable	Reaffirmed
11-Jun-15	AM3+	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	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
Disclaimer	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. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			
Due Diligence Meetings	Name	Designation	Date	
	Mr. Saad H Qureshi	Head of Strategy	November 24, 2022	
	Mr. Ayub Khuhro	Chief Investment Officer		
	Mr. Khaldoon Bin Latif	Chief Executive Officer	November 29, 2022	