

Analysts:

Musaddeq Ahmed Khan
musaddeq@vis.com.pk

**APPLICABLE
METHODOLOGY(IES):**

VIS Entity Rating Criteria
 Methodology – Investment
 Advisor
<https://docs.vis.com.pk/Methodologies-2025/MQ-IA-ESG-Jan-2025.pdf>

Rating Scale:

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

MAGNUS INVESTMENTS LIMITED

Chairman: Dr. Muhammad Nishat; Chief Executive: Mr. Nadeem Jeddy

RATING DETAILS

RATINGS CATEGORY	LATEST RATING	PREVIOUS RATING
	Medium to Long-term	Medium to Long-term
MANAGEMENT QUALITY	AM1 (IA)	AM2++(IA)
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Upgrade	Reaffirmed
RATING DATE	June, 24 2025	June 14, 2024

RATING RATIONALE

Magnus Investments Limited ('MIL' or 'the 'Company') has demonstrated a strong and consistent performance, underpinned by its strong management quality and governance framework. The Company specializes in providing investment advisory services, primarily focusing on retirement funds and long-term investments, and has successfully diversified its revenue streams through mutual fund distribution and recurring dividend income. MIL's disciplined investment process, supported by a well-structured team and independent oversight, ensures performance oriented decision-making and benchmark targeted portfolio management. The Company's operational resilience is evident through its strong internal controls, sound cybersecurity measures, and strong adherence to regulatory standards, including annual reviews of its policies and procedures.

MIL's asset base has grown steadily, reflecting increased client trust and reduced concentration risks wherein new clients are continuously being onboarded. Its discretionary mandates continue to dominate, underscoring confidence in MIL's portfolio management capabilities. Financially, the Company maintains a strong and unleveraged capital structure, supported by internal profitability generation and unrealized gains on equity investments. This equity base provides resilience against market volatility and supports future expansion.

COMPANY PROFILE

Magnus Investments Limited ("MIL" or "the Company") is an unquoted public company incorporated in Pakistan in 2007. The Company specializes in providing investment advisory services to institutions and high-net-worth individuals, with a primary focus on retirement funds and long-term investments. MIL also distributes mutual funds and has distribution arrangements with the leading Asset Management Companies in Pakistan.

The Company's wholly-owned subsidiary, Arkad Consultants Private Limited, deals in the distribution of financial products, including insurance. In 2023, MIL launched Magnus Partners LLP, an alternative investment fund (the Fund). However, in March 2024, the Company decided to wind up the Fund, and its net assets were distributed to the unitholders.

MANAGEMENT AND GOVERNANCE

There were no changes to the Board of Directors (BoD) in 2024. The current Board comprises six members, including two independent directors, which aligns with best practices of having at least one-third independence. The Board is chaired by Dr. Muhammad Nishat. The largest shareholder, Mr. Nadeem Jeddy, holding 53.13% stake and serves as the CEO. While this concentration of ownership may mitigate principal-agent concerns, it also raises potential governance risks related to Board independence. As part of its succession planning, Magnus focuses on retaining key talent, granting equity stakes to select department heads, and investing in entry-level hiring with structured in-house training to ensure leadership continuity.

INVESTMENT PROCESS

There have been no material changes to the investment process during the period under review. The Investment Committee (IC) continues to approve asset allocation policies, investment analysis, and ongoing portfolio management decisions. The Company maintains a structured investment setup, with two broad divisions: Investments and Non-Investments. The Investments team is composed of Portfolio Analysis (PA), Securities Analysis (SA), Portfolio Management (PM), and Private Client Group (PCG). The PM and PCG departments report to the Chief Operating Officer (COO), while PA and SA report directly to the CEO/CIO and are actively involved in investment decisions. SA is responsible for buy-side research and equity screening, whereas PA focuses on fixed income instruments and client-specific asset allocation. The PM department oversees client relationship management, including reporting, cash flow monitoring, rebalancing, and performance tracking. For performance analysis, customized presentations are created, incorporating global market research. Additionally, the Company employs an independent economist to publish reports for clients, offering insights. The Company has also restructured its buy-side equity research, refining its overall research process to enhance decision-making.

SELF REGULATION

The Company has strengthened its internal control framework, with notable improvements in data security and operational continuity. Key upgrades include a cloud-based data security system integrated with Microsoft OneDrive, a Fortinet firewall for enhanced cybersecurity, and a new Database Management System (DMS) developed with Jaffer Business Systems to improve operational efficiency.

The Company has stringent monitoring guidelines in place, including password-protected resources for the Private Client Group (PCG) and a strict policy requiring prior written consent for employee trading activities. This ensures the security of client data and mitigates risks to business operations.

External audits for the year ended June 2024 were conducted by KPMG Taseer Hadi & Co., Chartered Accountants. Following the year-end, EY Ford Rhodes Chartered Accountants were appointed as the external auditor. The Company's internal procedures, including 14 Standard Operating Procedures (SOPs) covering key areas such as compliance, portfolio management, and risk, are reviewed and updated annually. Input from the internal auditor (A. F. Ferguson & Co.) is incorporated into these revisions to ensure alignment with regulatory standards and operational efficiency.

Furthermore, the Company has three management committees: the Investment Committee, Disciplinary Committee, and Sexual Harassment Committee. The Company has also maintained a thorough Business Continuity & Disaster Recovery (BCDR) plan, including an alternative office setup and cloud-based data backup.

QUANTITATIVE ANALYSIS

Performance of assets under management

MIL delivered a strong performance in CY24, outperforming the return expectations outlined in the IPS. This was partly driven by mark-to-market gains in fixed income due to falling interest rates, as well as the bull run in the PSX. Given the long-term nature of most mandates, particularly retirement-focused portfolios, performance is evaluated over extended horizons where MIL has historically delivered strong results.

Assets under management

MIL's AUM base continues to be predominantly comprised of retirement funds. During the review period, corporate and individual fund proportions increased and the Company has seen a rising number of discretionary mandates, reflecting the growing trust in MIL's portfolio management capabilities.

AUMs have grown over the last two years, supported by the onboarding of new clients. This expansion has also contributed to a reduction in client concentration. Further diversification is anticipated, with additional mandates expected to materialize by FY25, potentially supporting continued growth and further mitigating concentration risk.

Operational Strength

During FY24, MIL's management fee income rose with discretionary mandates continuing to dominate. Revenue concentration risk declined, as the share of top clients in management fee dropped.

The Company further diversified its income base by launching mutual fund distribution. This segment is expected to become a more meaningful contributor going forward.

Capitalization

MIL maintains a strong capital position. The growth was primarily driven by strong performance and sizeable other comprehensive income, stemming from unrealized gains on equity investments.

With a strong equity base and a clean capital structure as MIL remains unleveraged, reporting no borrowings as of both Jun'24 and Dec'24. This positions the Company to absorb business volatility, support future growth, and maintain financial sustainability without relying on external funding.

REGULATORY DISCLOSURES				Appendix II
Name of Rated Entity	Magnus Investments Limited			
Sector	Non-Banking Finance Company			
Type of Relationship	Solicited			
Purpose of Rating	Management Quality Rating			
Rating History	Rating Date	Medium to Long Term	Rating Outlook	Rating Action
	06/24/2025	AM1(IA)	Stable	Upgrade
	06/14/2024	AM2++(IA)	Stable	Reaffirmed
	04/19/2023	AM2++(IA)	Stable	Upgraded
	04/13/2022	AM2+(IA)	Stable	Reaffirmed
	04/01/2021	AM2+(IA)	Stable	Reaffirmed
	02/11/2020	AM2+(IA)	Stable	Reaffirmed
	02/14/2019	AM2+(IA)	Stable	Upgrade
	10/24/2017	AM2(IA)	Positive	Maintained
	05/04/2016	AM2(IA)	Stable	Harmonized
	03/02/2016	AM2-(IA)	Stable	Reaffirmed
	02/26/2015	AM2-(IA)	Stable	Upgrade
	02/26/2015	AM3+(IA)	Stable	Harmonized
	07/16/2013	AM3+	Stable	Reaffirmed
	05/11/2012	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 credit 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.			
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Due Diligence Meeting Conducted	Name	Designation	Date	
	Mr. Umair Aslam	COO	5 th May 2025	
	Mr. Ali Hussain	CFO		
	Mr. Hasan Moin	Company Sec/Compliance Head		