

**ABL Asset Management Company Ltd.**

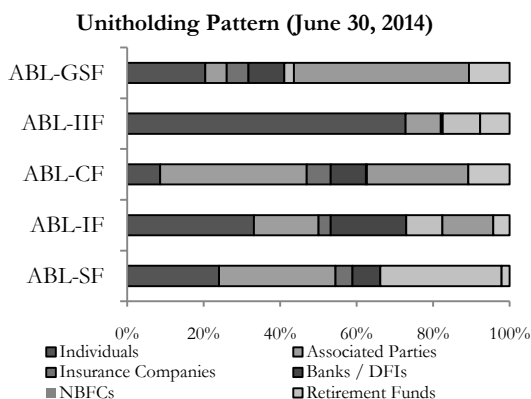
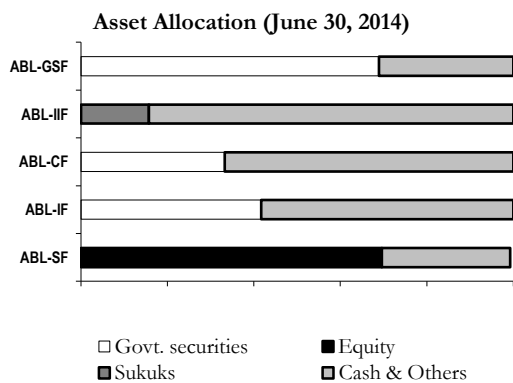
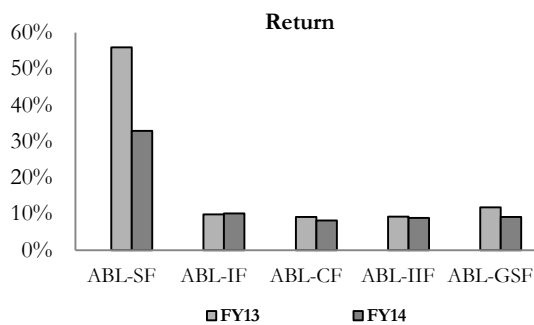
Chairman: Sheikh Mukhtar Ahmed; Chief Executive: Mr. Farid Ahmed Khan, CFA

Date: February 25, 2015

**Rating Rationale**

**Analysts:** *Sobia Maqbool, CFA/Muniba Khan*

	<b>Latest</b>	<b>Previous</b>
<b>Rating</b>	<b>AM2</b>	<b>AM2</b>
	<i>Dec 31, 2014</i>	<i>June 21, 2013</i>
<b>Outlook</b>	<b>Stable</b>	<b>Stable</b>



As a wholly owned subsidiary of Allied Bank Limited (ABL), ABL Asset Management Company Limited (ABL AMC) has been in operations since 2007. The management team at ABL AMC has depicted stability; personnel at the senior management level possess the necessary skill set to deliver on the company’s goals. Risk and compliance functions at ABL AMC are merged with a dedicated resource for each area. The functions are independent in conduct and report to the board risk management committee. The team may need to be built as the company forges ahead with its growth plans. Recent developments on the operations side include outsourcing of some back office operations to a third party vendor. Scope of this arrangement ranges from settlement, account opening, redemption, NAV calculations to IT related matters.

With assets under management (AUMs) aggregating Rs. 27.7b (FY13: Rs. 21.2b) as of June 30, 2014, market share of the company enhanced to 6.8% (FY13: 5.9%) in 2014. ABL AMC recently launched two principal protection funds; moreover, a key development is the launch of pension funds by the company. There is also growth in the number of retirement mandates being managed by the company, with specific growth targets assigned for the same as well.

In relation to peers, the performance of income and money market funds remained competitive; funds holding long term government paper have benefited from the movement in market rates. Over a five years period, the conventional stock fund is ranked MFR 4-Star depicting strong performance; return of Islamic stock fund does not compare favorably to peers. As the portfolio of assets under management continues to increase, the management’s ability to deliver consistent results across product lines will need to be monitored. The organization uses the Global Investment Performance Standards (GIPS®) for disclosure of its performance results; which is considered positive in view of increasing number of separately managed accounts.

A multi-pronged distribution strategy utilizing in-house sales team, parent’s branches and third party distributors, is aimed at enhancing the company’s retail penetration as the same is currently low in relation to peers. At end Nov’14, the company had 5,019 investors in its funds, with proportion of retail investment being 18.1%. Additional resources are being hired by ABL AMC to reach out to retail investors. In addition to the development of in-house sales team, progress has also been made in setting up dedicated sales offices that are to be housed in the parent bank’s branches.

**Overview of the Institution**

ABL Asset Management Company Limited is a wholly owned subsidiary of Allied Bank Limited. The company is licensed to carry out asset management and investment advisory services with ten open end funds under management as of June 30, 2014. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants were external auditors of ABL AMC for FY2013 JCR-VIS

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## JCR-VIS Credit Rating Company Limited

Affiliate of Japan Credit Rating Agency, Ltd.

### Rating History

Rating Type	Rating Date	Medium to Long Term	Outlook	Rating Action
Management Quality	12/31/2014	AM2	Stable	Reaffirmed
Management Quality	6/21/2013	AM2	Stable	Upgrade
Management Quality	1/10/2013	AM2-	Positive	Maintained
Management Quality	9/16/2011	AM2-	Stable	Upgrade
Management Quality	12/31/2010	AM3+	Positive	Upgrade