

## ALFALAH ASSET MANAGEMENT LIMITED

**Analyst:**

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**RATING DETAILS**

RATINGS CATEGORY	Latest Rating	Previous Rating
MQR RATING	AM1	AM1
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Reaffirmed	Reaffirmed
RATING DATE	January 26, 2026	January 02, 2025

**Shareholding (5% or More)**

MAB Investment Inc. ~ 59.78%

Bank Alfalah Limited ~ 40.22%

**Other Information**

Incorporated in 2004

Public Limited Company (unlisted)

Chairman: Mr. Atif Aslam Bajwa

Chief Executive: Mr. Khaldoon Bin Latif

External Auditors: A.F. Ferguson and Co. Chartered Accountants

**Applicable Rating Methodology**

VIS Entity Rating Criteria: Asset Management Companies

<https://docs.vis.com.pk/Methodologies%202024/AMC-Methodology-201906.pdf>

**Rating Scale**

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

**Rating Rationale**

The reaffirmation of Alfalah Asset Management Limited's (AAML) AM1 rating reflects the Company's strong ownership profile, experienced governance and management, improving financial performance, and robust control environment, supported by a growing market position within Pakistan's asset management industry

AAML benefits from the strategic sponsorship of Bank Alfalah Limited, providing brand strength, financial flexibility, and access to an extensive banking distribution network. Governance arrangements are considered sound, with a well-constituted Board and active board committees overseeing audit, risk, investments, and human resources. Senior management is led by an experienced CEO with a long track record in asset management, though some recent turnover in support functions remains an area to monitor as the business scales. The Company's financial profile has strengthened materially over recent years, driven by rapid growth in assets under management, improved fee generation, and operating leverage.

AAML's market position has improved, with market share increasing to approximately 7.5% by September 2025. Growth has been driven primarily by money market and income funds, with increasing contributions from structured and pension-related products. However, AUM concentration remains relatively high, with a significant portion of assets housed in a small number of large money market funds.

Fund performance was mixed in FY25, with relative underperformance across several strategies compared to peers; however, early signs of stabilization were observed in 1QFY26, particularly in money market and selected newly launched funds. Sustained improvement in relative performance will be important to support longer-term franchise strength, especially as competition intensifies.

Looking ahead, AAML holds licenses across Private Equity, Venture Capital, REIT Management, Pension Fund Management, and investment advisory services, indicating its intent to evolve into a full-service asset manager beyond traditional mutual funds. These alternative platforms are still in the development phase and execution of this plan to diversify operations, systems readiness, and talent depth will be key considerations over the medium term.

## Company Profile

Alfaluh Asset Management Limited ('AAML' or the 'AMC') was incorporated in Pakistan in October 2004 as a public limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017). Headquartered in Karachi. AAML is jointly owned by MAB Investments Inc. and Bank Alfalah Limited (BAFL). MAB Investments operates under the patronage of H.H. Sheikh Nahayan bin Mubarak Al Nahayan, a member of Abu Dhabi's ruling family and a shareholder of BAFL. BAFL is a leading commercial bank in Pakistan with a 'AAA' credit rating; the bank has an extensive domestic branch network.

AAML is licensed by the Securities and Exchange Commission of Pakistan (SECP) to operate as an Asset Management Company and Investment Advisor. In addition to its existing mutual fund offerings, the Company also holds licenses to undertake Private Equity and Venture Capital, REIT Management, and Pension Fund Management activities. AAML launched its first private equity fund in agriculture space in 2024 and its first investment based REIT fund in 2025, successfully converting these new businesses into revenue generating segments., AAML is actively working toward their introduction. Over the next two years, the Company intends to position itself as a full-service asset manager, with Private Equity and REITs emerging as core business segments alongside its traditional equity and income fund offerings.

## Governance, Management & Financial Performance

Mr. Atif Bajwa is the Chairman of AAML. He brings over four decades of international banking and leadership experience, having held senior roles including President/CEO of Bank Alfalah, MCB Bank, and Soneri Bank. His career also includes regional leadership positions with Citigroup and ABN AMRO across Europe and Asia Pacific. He has served in prominent business and public interest roles, including Chairman of the Pakistan Business Council and President of OICCI, and has held multiple board directorships. He is an alumnus of Columbia University.

No.	Name	Position
1	Mr. Atif Aslam Bajwa	Chairman
2	Mr. Khaldoon Bin Latif	Chief Executive Officer
3	Mr. Khaled Khanfer	Non- Executive Director
4	Mr. Sohail Sultan	Non- Executive Director
5	Ms. Ayesha Aziz	Independent Director
6	Mr. Khalilullah Shaikh	Independent Director
7	Mr. Farooq Ahmed Khan	Non-Executive Director
8	Mr. Zaigham Sheriff	Non-Executive Director

With two independent directors and one executive director (being the CEO), the composition of the Board reflects a balanced mix of executive and non-executive representation in line with Governance best practices. The Board operates through several committees, including the Audit Committee, Human Resource & Remuneration Committee, Risk Management Committee, and Investment Committee, which provide oversight over financial reporting, internal controls, risk governance, remuneration, and investment activities. The Audit Committee is chaired by an independent director, in line with governance best practices. Board and committee discussions are structured and substantive, based on detailed management submissions, with active engagement from independent directors and clear documentation and follow-up of decisions and action points, demonstrating effective oversight.

For its Shariah-compliant operations, AAML has a dedicated Shariah advisory arrangement. The AMC's Shariah Advisory Board includes Mufti Javed and Sheikh Numan, who provide Shariah guidance and approvals for Islamic funds, oversee Shariah screening of investments and monitor ongoing compliance with Shariah principles.

AAML's senior management comprises experienced executives across investment, finance, risk, and business functions. There has been some turnover in the last year with 3 new members joining the senior management recently; These are primarily to strengthen business development functions.

Mr. Khaldoon Bin Latif is the Chief Executive Officer of AAML, with over 20 years of experience across Pakistan's capital markets. He has previously served as CEO of Faysal Asset Management, BMA Asset Management, and KASB Funds, and as CIO at JS Investments, with earlier experience in regional brokerage and asset management roles in Bahrain. His background spans both buy-side and sell-side functions. He has served as Vice Chairman of the Mutual Funds Association of Pakistan and on the boards of Yunus Textile Mills, Pakistan and IIBank LLC, Bahrain.

### Financial Performance

AAML's financial performance has strengthened markedly over recent years, supported by growth in assets under management and improved fee generation. Total income increased steadily from Dec'22 to Dec'24 and further in 9M Sep'25. The efficiency ratio has remained broadly stable in the high 60% to 70% range, indicating a controlled cost structure despite business expansion, with recent moderation reflecting efficiencies kicking in from the larger size of AUMs. Profitability has hence improved; with net profit of PKR 663.4mn reported in 9M Sep'25 (FY25: PKR 336.6mn; FY24: PKR 159.9mn). With strong earnings retention, equity has expanded materially, reaching PKR 3.1bn by Sep'25 (Jun'24: PKR 2.0bn).

### Compliance

AAML operates under a comprehensive, Board-approved policy framework covering governance, risk management, compliance oversight, and ethical conduct. Policies are subject to a structured review process, with critical policies reviewed annually, supporting sustained regulatory compliance and operational discipline.

Compliance matters are regularly reviewed at both management and board levels through formal reporting, and defined escalation mechanisms, ensuring consistent adherence to regulatory and internal requirements. The Company maintains formal documentation of governance and oversight processes, including minutes of relevant committees.

To support scale, AAML is strengthening its IT infrastructure. In-house system development and back-office automation have reduced manual intervention and improved efficiency across account opening, transactions and compliance. Real-time system integration has enabled better controls and faster approvals, while system design has reinforced segregation across mutual funds, advisory mandates and SMAs in line with governance requirements.

The internal audit function is outsourced to KPMG Taseer Hadi & Co., Chartered Accountants, which conducts periodic reviews of investment processes, controls and compliance practices, providing independent assurance over the effectiveness of the internal control environment. No material operational or supervisory issues were reported in the most recent review cycle.

Shariah governance is embedded across the full lifecycle of Islamic investment products, covering product structuring, approval and ongoing portfolio monitoring. Securities that become Shariah non-compliant are subject to defined review periods, with mandatory divestment if compliance is not restored within prescribed timelines.

### Portfolio Management

AAML maintains a structured, multi-layered investment governance framework. The Investment Committee (IC), comprising the CEO, CIO, CCO, CRO, and Head of Research, ensures representation across investment, risk, and compliance functions. Portfolio decisions are first assessed by the IC and are further subject to independent risk monitoring, compliance checks, and periodic review by Board-level committees, ensuring that investment decisions are scrutinized, challenged, and monitored across multiple management and board tiers.

Portfolio management is segregated across the AMC's regulated business lines. Each licensed activity operates under an independent investment committee. While senior management representation overlaps across these committees, participation of remaining members is aligned with the relevant business segment. Investment decisions are guided by top-down macroeconomic assessments, with equity portfolios constructed using sector-level analysis and fixed income portfolios managed within defined duration and credit risk parameters. The IC meets regularly to review fund performance, NAV trends, portfolio positioning, and proposed transactions, incorporating inputs from the risk management function.

Portfolio monitoring is conducted within predefined regulatory and internal risk limits. Key performance and risk indicators are reviewed on an ongoing basis. Risk tolerance limits are proposed by the Risk Management function, reviewed by the IC, and approved by the Board through the Risk Management Committee, ensuring alignment with the AMC's overall risk appetite.

### Market Positioning

With stronger growth in Assets Under Management relative to the industry, AAML's market share increased to 7.5% by September 2025 versus 6.9% at the end of Jun'24. AUMs were reported at PKR 316.5bn; these have increased further in recent months positioning the company as the fifth largest company in the industry by Nov'25 from sixth earlier. Within the Shariah compliant categories, the AMC lost its market share in FY25 as competition intensified from dedicated Islamic AMCs; though regaining some of it by September 2025.

AUMs (PKR bn)	Jun'24	Jun'25	Sep'25
Alfalah AMC (AAML)	189.35	290.23	318.37
Industry	2,687.2	3,801.5	4,193.8

Market Share	6.9%	7.6%	7.5%
Market Share (Shariah Compliant)	8.0%	2.4%	5.9%
# of Funds & Plans	44	62	61
# of Funds	28	41	42

AAML expanded its fund lineup materially to 51 funds/plans during FY25 (FY24: 20), primarily through fixed-return and structured fund launches and investment plans. The latter have become popular recently as they offer some customization in fund strategy relative to the base fund's investment policy for large corporate customers and are also fixed tenure, featuring tax advantage relative to term bank deposits. AAML had also acquired 13 conventional funds from Faysal Funds effective January 2025, which collectively were under Rs. 1bn in AUMs at the time of acquisition; these funds added scale and broadened the AMC's conventional product offering. Total number of funds/plans managed by the AMC were 61 at the end of September 2025 as some plans matured.

Alfalah Fund Type	AUMs (PKR bn)			Proportion		
	Jun'24	Jun'25	Sep'25	Jun'24	Jun'25	Sep'25
Equity	5.2	17.65	27.32	2.74%	6.05%	8.45%
Income	37.12	77.60	90.09	19.53%	26.60%	28.13%
Money Market	139.18	187.27	188.39	73.60%	64.70%	59.41%
Others	7.85	7.71	12.56	4.13%	2.64%	3.92%

In recent periods, the mutual funds industry experienced some shift in terms of asset mix with the proportion of equity funds increasing to 14% by Sept'25 vis-à-vis 8% at the end of FY24; as the stock market continued its upward trajectory while interest rates declined. In case of AAML, while some shift in asset allocation was in line with the broader market sentiment, the company also actively directed investors from its Rozana Amdani Fund to Money Market and Cash Funds where returns were more competitive. Overall, AUMs generated from money market funds remain much higher than the industry at 60% (industry: 43%) and AUMs in equity funds are lower at 8% (industry: 14%). The share of other funds in AAML's portfolio increased from 6.9% at the end of June'24 to 10.3% by Sept'25, reflecting growth in structured and alternative offerings, primarily in asset allocation, capital protection, Shariah-compliant VPS, and conventional VPS categories, contributing to some product diversification.

Two largest funds of AAML alone (conventional and Islamic Money Market Funds) comprised half of the company's AUMs at the end of Sept'25; amongst total funds/plans in offer at 61. In terms of investor mix, the concentration of unit holding with the 10 largest investors has rationalized to some extent across most of the AMC's large funds; though it still remains in excess of 27% for the two largest funds and much higher for other smaller funds. Total number of active clients has increased in recent periods and the proportion of AUMs contributed by retail investors has inched upwards to 45% by the end of Sept'25 versus 42% at the end of Jun'24.

	Jun'23	Jun'24	Jun'25	Sep'25
# of Active Clients	10,362	19,471	30,146	34,578
New Clients added	3,710	12,606	13,971	19,262

The sales and distribution function is structured by client segments. The in-house sales team is organized into four dedicated verticals: corporates, HNIs, retail clients, and Separately Managed Accounts (SMAs), allowing focused coverage and tailored servicing across different client categories. The Company employs approximately 140 sales and marketing personnel, with planned expansion to around 175–200 personnel to support growth, particularly in the retail segment. The AMC operates a limited number of its own branches in major cities while leveraging Bank Alfalah's extensive nationwide branch network to achieve broad geographic coverage; almost one-third of investments were generated through the banking channel in FY25. Expansion of standalone branches is undertaken selectively, based on the sustainability of business volumes in targeted locations.

The Company is strengthening its digital onboarding and transaction capabilities to address operational inefficiencies, particularly in account opening, documentation, and transaction processing. The upgraded infrastructure is designed to support digital onboarding of approximately 1,000–5,000 clients on a daily basis, while back-end transaction engines are being enhanced to enable faster processing, including same-day (T+0) transactions and reduced operational delays. Digital adoption has improved steadily amongst AAML's clients. Dedicated digital solutions are also being developed for VPS and provident fund conversions, aimed at enabling smoother and more efficient migration of pension-related assets. The process is inherently complex due to manual documentation, coordination with employers, and multiple regulatory approvals, which often delay transfers.

AAML operates SMA business under its investment advisory license, through whereby it manages discretionary portfolios for institutional and large-ticket clients. Over the past year, the Company has increased its focus on this segment by setting up a dedicated SMA sales team and onboarding new

mandates, indicating growing activity in this business line. The Company currently manages discretionary SMA mandates for multiple institutional clients, with portfolios predominantly allocated to equities. In addition, the Company has secured a large advisory (non-discretionary) mandate recently. Management distinguishes advisory mandates from discretionary SMA portfolios and primarily monitors discretionary SMA assets as the core SMA business. Total AUMs of SMAs managed on discretionary basis amounted to PKR 12.02bn at the of Sept'25 (FY24: PKR 5.1bn).

## Funds' Performance

AUMs (PKR mn)	Jun'24	Jun'25	Sep'25
Total AUMs in Q1	69,111	14,642	18,488
Total Funds in Q1	6	10	7
Total AUMs in Q2	32,264	104,847	186,860
Total Funds in Q2	6	11	10
Total AUMs in Q3	53,033	26,835	27,745
Total Funds in Q3	4	11	10
Total AUMs in Q4	7,113	141,801	83,412
Total Funds in Q4	4	19	22

Fund Names	Jun'24	Jun'25	Sep'25
Alfalalah GHP Money Market Fund	Q3	Q2	Q2
Alfalalah Islamic Money Market Fund	Q2	Q4	Q2
Alfalalah GHP Cash Fund	Q4	Q4	Q4
Alfalalah GHP Stock Fund	Q1	Q2	Q3
Alfalalah Financial Sector Income Fund - Plan 1	NR	Q4	Q2
Alfalalah GHP Sovereign Fund	Q1	Q1	Q4
Alfalalah Islamic Stable Return Plan - 5 Fund	-	-	Q1
Alfalalah Islamic Rozana Amdani Fund	Q1	Q4	Q4
Alfalalah GHP Islamic Stock Fund	Q1	Q3	Q4
Alfalalah GHP Islamic Income Fund	Q2	Q3	Q2

In FY24, the performance of AAML's funds was relatively strong, with 75% of funds generating returns in the top two quartiles (Q1-Q2). In FY25, relative performance weakened, with only 33% of funds in Q1-Q2 and 67% sliding to Q3-Q4. Some of AMC's funds have higher management fee versus other similar funds; moreover, there has also been an increase in management fees as a percentage of AUMs over time to 0.71% in 1QFY26 as compared to 0.56% in 1QFY25.

Looking individually at the performance of the larger funds in FY25, Alfalah GHP Money Market Fund delivered 14.79%, below the peer high of 15.89%. In Shariah-compliant money market funds category, Alfalah Islamic Money Market Fund generated 13.88%, closely tracking the category median and slightly below the top performer placed at 14.36%. The Alfalah GHP Cash Fund generated 14.28% return, about 1% below the peer high of 15.25%.

The company had 4 funds in the equity category in FY25, which generated the following returns:

- Alfalah GHP Stock Fund - II 69.99% (PKR 123.97mn in AUMs)
- Alfalah GHP Alpha Fund - 67.0% (PKR 1,985.43mn in AUMs)

- Alfalah GHP Stock Fund - 63.0% (PKR 877.14mn in AUMs)
- Alfalah Islamic Stock Fund - 50.09% (PKR 6,177.44mn in AUMs)

Alfalah's funds were in first and second quartiles relative to other stock / Islamic stock funds in the market. The highest return by a stock fund in this period was 118.70% with a size of PKR 4.3bn. The relative performance of stock funds was largely maintained in 1QFY26.

In 1QFY26, fund performance showed stabilization and partial recovery, with 50% of funds ranked in Q1-Q2. Alfalah GHP Money Market Fund and Alfalah Islamic Money Market Fund both improved to Q2. The Alfalah Islamic Stable Return Plan-5 Fund ranked in Q1, demonstrated strong early performance post-launch. While dispersion persisted in equity and income strategies, overall relative performance compared more favorably with peers in 1QFY26.

Financial Summary	(PKR mn)			
<b>Balance Sheet</b>	<b>Dec'22</b>	<b>Dec'23</b>	<b>Dec'24</b>	<b>Sep'25(9M)</b>
Paid up Capital	324.46	324.46	324.46	324.46
Total Equity	1,480.00	1,805.75	2,444.06	3,107.46
<b>Income Statement</b>	<b>Dec'22</b>	<b>Dec'23</b>	<b>Dec'24</b>	<b>Sep'25(9M)</b>
Total Income	345.64	701.96	1886.62	2,224.29
Profit Before Tax	228.01	462.91	966.16	1,011.81
Profit After Tax	173.09	325.74	638.31	663.4
<b>Ratio Analysis</b>	<b>Dec'22</b>	<b>Dec'23</b>	<b>Dec'24</b>	<b>Sep'25(9M)</b>
Net cash generated from operating activities (PKR mn)	149.04	-134.38	388.31	876.58
Current Ratio (x)	5.69x	1.53x	1.27x	0.89x
*Annualized, if required				
A - Actual Accounts				
P - Projected Accounts				
M - Management Accounts				

## REGULATORY DISCLOSURES

## Appendix I

Name of Rated Entity	Alfalah Asset Management Limited			
Sector	Mutual Funds			
Type of Relationship	Solicited			
Purpose of Rating	Management Quality Ratings			
Rating History	Rating Date	Medium to Long Term	Rating Outlook	Rating Action
	RATING TYPE: Management Quality Rating			
	26-Jan-2026	AM1	Stable	Reaffirmed
	02-Jan-2025	AM1	Stable	Reaffirmed
	29-Dec-2023	AM1	Stable	Initial
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. Muhammad Ayub Khuhro	Chief Investment Officer	15 <sup>th</sup> December 2025	
	Mr. Saad H. Qureshi	Chief Strategy Officer		
	Mr. Faisal Ali Khan	Chief Financial Officer		
	Mr. Salim S. Mehdi	Chief Innovation & Business Officer		
	Mr. Shariq Mukhtar Hashmi	Chief Compliance Officer		