



The Pakistan Credit Rating Agency Limited

# HABIB ASSET MANAGEMENT LIMITED

## RATINGS REPORT

	<b>NEW [APR-17]</b>	<b>PREVIOUS [JUN-16]</b>	<b>REPORT CONTENTS</b>
<b>Asset Manager Rating</b>	AM 3+	AM 3+	1. PROFILE & GOVERNANCE
			2. ASSESSMENT
<b>Outlook</b>	Stable	Stable	3. SALES & MARKETING
			4. INVESTMENT DECISION MAKING
			5. RISK AND COMPLIANCE
			6. TECHNOLOGY & INVESTOR SERVICES

APRIL 2017





Financial Summary: Habib Asset Management Limited								
Sr. #	Fund	Category	Asset Under Management		Return CY16	Benchmark Return CY16	Top 10 Investor Concentration	Performance Ranking/ Stability Rating
			Dec15 (rupees in mln)	Dec16 (rupees in mln)				
1.	First Habib Cash Fund	Money Market	1,428	1,348	5.22%	5.46%	81.2%	AA (f)
2.	First Habib Income Fund	Income	1,464	1,120	5.05%	6.19%	59.2%	AA- (f)
3.	First Habib Islamic Stock Fund (Formerly: First Habib Islamic Balanced Fund)	Shariah Compliant Equity	103	104	24.73%	31.37%	84.3%	2 Star
4.	First Habib Stock Fund	Equity	183	128	35.70%	42.66%	76.5%	1 Star

## RATING SCALE & DEFINITIONS: Asset Management Industry

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 determined solely by investors

### ASSET MANAGER RATINGS

#### **AM1: Very high quality**

Asset manager meets or exceeds the overall investment management industry best practices and highest benchmarks.

#### **AM2++, AM2+, AM2: High quality**

Asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.

#### **AM3++, AM3+, AM3: Good quality**

Asset manager meets investment management industry standards and benchmarks.

#### **AM4++, AM4+, AM4: Adequate quality**

Asset manager demonstrates an adequate organization that meets key investment management industry standards and benchmarks.

#### **AM5: Weak**

Asset manager does not meet the minimum investment management industry standards and benchmarks.

+ = (Plus)

++ = (Double Plus)

### FUND STABILITY RATINGS

#### **AAA(f)**

An exceptionally strong capacity to maintain relative stability in returns and possesses negligible exposure to risks.

#### **AA+(f), AA (f), AA-(f)**

A strong capacity to maintain relative stability in returns and possesses low exposure to risks. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions

#### **A+(f), A (f), A-(f)**

A fund with stable performance generally in line with its peers with adequate capacity to respond to future opportunities or stress situations.

#### **BBB+(f), BBB (f), BBB-(f)**

An adequate capacity to maintain relative stability in returns and possesses high exposure to risks. This capacity may be impacted adversely by changes in circumstances or in economic conditions.

#### **BB+(f), BB (f), BB-(f)**

A low capacity to maintain stability in returns and possesses very high exposure to risks

#### **B(f)**

A very low capacity to maintain stability in returns and possesses very high exposure to risks.

*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.*

### FUND PERFORMANCE RANKINGS

**5-Star** Very good performance

**4-Star** Good performance

**3-Star** Average performance

**2-Star** Below average performance

**1-Star** Weak performance

### CAPITAL PROTECTION RATINGS

#### **CP1**

Very strong certainty of capital protection.

#### **CP2+ CP2**

Strong certainty of capital protection.

#### **CP3+ CP3**

Good certainty of capital protection.

#### **CP4+ CP4**

Adequate certainty of capital protection.

#### **CP5**

Weak capital protection.

**Rating Watch:** Alerts to the possibility of a rating change subsequent to, or in anticipation of some material identifiable event. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled.

**Rating Outlooks:** Indicates the potential and direction of a rating in response to a) trends in economic and/or fundamental business/financial conditions and/or deviation from expected trend. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

**Being based on actual performance, no Outlook or Rating Watch can be assigned to fund performance rankings.**

**Suspension:** It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, a suspended rating should be considered withdrawn.

#### **Withdrawn:**

A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity or c) the rating remains suspended for six months or d) PACRA finds it impractical to surveil the opinion due to lack of requisite information.



## Regulatory and Supplementary Disclosure

### Rated Entity

**Name of Rated Entity**  
**Sector**  
**Type of Relationship**

Habib Asset Management Limited  
AMC  
Solicited

### Purpose of the Rating

Regulatory Requirement

### Rating History

Dissemination Date	Asset Manager Rating	Outlook	Action
	AM3+	Stable	Maintain
8-Jun-16	AM3+	Stable	Harmonize
31-Mar-16	AM3	Stable	Maintain
9-Jun-15	AM3	Stable	Maintain
25-Jun-14	AM3	Stable	Maintain

### Related Criteria and Research

Master Methodology:  
Specific Methodology:  
Research:

Asset Management Rating Methodology [2005]  
Asset Management Rating Methodology [2016]  
Asset Management Sector Review -2017

### Rating Analysts

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### Rating Team Statement

Rating is an opinion on relative credit worthiness of an entity or debt instrument. It does not constitute recommendation to buy, hold or sell any security. The rating team for this assignment does not have any beneficial interest, direct or indirect in the rated entity/instrument.

### Disclaimer

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#### **Surveillance**

PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the rated entity/ issuer, the security arrangement, the industry etc, is disseminated to the market, in a timely and effective manner, after appropriate consultation with the entity/issuer.

PACRA reviews all the outstanding ratings on annual basis or as and when required by any stakeholder (including creditor) or upon the occurrence of such an event which requires to do so.

PACRA initiates immediate review of the outstanding rating(s) upon becoming aware of any information that may be reasonable be expected to result in any change (including downgrade) in the rating.

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PACRA has framed and implemented whistle-blower policy encouraging all employees to intimate the compliance officer any unethical practice or misconduct relating to the credit rating by another employees of the company that came to his/her knowledge. The Compliance Officer reports to the

#### **Confidentiality**

PACRA has framed a confidentiality policy to prevent; abuse of the non-public information by its employees and other persons involved in the rating process, sharing and dissemination of the non-public information by such persons to outside parties

Where feasible and appropriate, prior to issuing or revising a rating, PACRA informs the issuer of the critical information and principal considerations upon which a rating will be based and provide the opportunity to clarify any likely factual misperception or other matter that PACRA would wish to be made aware of in order to produce a fair rating. PACRA duly evaluates the response. Where in a particular circumstance PACRA has not informed the entity/issuer prior to issuing or revising a rating, it informs the entity/issuer as soon as practical thereafter;

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### Probability of Default (PD)

Asset Manager Rating is a forward-looking assessment of relative qualifications and capabilities of an asset manager (asset management company/Investment advisor). There is no probability of default associated with Asset Manager Rating.