The Pakistan Credit Rating Agency Limited

Rating Report

NBP Fund Management Limited

Report Contents

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
05-May-2025	AM1	-	Stable	Maintain	-
21-Jun-2024	AM1	-	Stable	Maintain	-
22-Jun-2023	AM1	-	Stable	Maintain	-
22-Jun-2022	AM1	-	Stable	Maintain	-
23-Jun-2021	AM1	-	Stable	Maintain	-
24-Jun-2020	AM1	-	Stable	Maintain	-
24-Dec-2019	AM1	-	Stable	Maintain	-
27-Jun-2019	AM1	-	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

The rating reflects the NBP Fund Management Limited's ("NBP Funds" or the "AMC") distinguished standing as a leading institution in the asset management sector. The rating takes comfort from AMC’s stable and seasoned management team, systematic investment process and robust risk management framework. Furthermore, the expansion in AUMs, the strategic launch of new investment plans, enhanced client servicing capabilities, and notable strides in digital transformation collectively bode well for the assigned rating. Since Jun'24, the AUMs base of the AMC mounted significantly by ~51% to PKR 522bln as of Dec'24 (Jun'24: PKR 346bln) including PKR 140bln Shariah-compliant funds and PKR 17bln from the pension scheme, remains aligned with industry trends. This growth has enabled the AMC to retain the second-highest market share of 12% in the sector (Jun'24: 13%). As of Dec'24, the AMC's AUM mobilized through digital channels totaled PKR 10bln, accounting for a significant share of the total AUMs in the AMC industry mobilized via digital platforms. Overall, the AMC is playing aggressively in the equity market while simultaneously expanding its product suite through the launch of multiple plans under the fixed rate/return category, across both Islamic and conventional segments. The clientele mix remains skewed towards institutional investors. The AMC has established a diverse suite of digital platforms to elevate investor servicing, comprising: (i) N-Pay, (ii) Sahulat Sarmaya Kari, (iii) NBP Fund Digital, (iv) WhatsApp Self-Service, (v) Debit Cards, and (vi) Swift Pay. To further augment its digital capabilities, several initiatives were launched since Jun'24, including the rollout of investment channels through RAAST and 1Bill, biometric investor verification via the mobile app, and the introduction of 1IBFT Super. In parallel, integration with NBP and CDC’s Centralized Gateway Portal is underway, targeting improved operational efficiency and a superior client servicing experience. These initiatives would strengthen the retail penetration. The AMC also signed multiple distribution agreements since Jun'24 which further elevate the AUMs and profitability.
During 6MFY25, the AMC reported a net profit of ~PKR 705mln (SPLY: PKR 358mln), reflecting a 97% increase, primarily driven by management fees, advisory income, and share of profit from associates. NBP Funds earned ~PKR 1,646mln in 6MFY25 (SPLY: PKR 1,001mln) from management fee and advisory income whereas at the period ended 6MFY25, the equity stood at ~PKR 2,192mln (FY24: PKR 2,037mln). The capitalization and fee-generation capabilities provide a cushion against market volatility.

The rating is dependent on the management’s ability to sustain its market share. Upholding strong organization structure and controls along with retention of key personnel is imperative. Consistent superior fund performance remains imperative for the rating.

Disclosure	
Name of Rated Entity	NBP Fund Management Limited
Type of Relationship	Solicited
Purpose of the Rating	Asset Manager Rating
Applicable Criteria	Methodology | Rating Modifiers(Apr-24),Assessment Framework | Asset Manager Rating(Jun-24)
Related Research	Sector Study | Asset Management Companies (AMCs)(Mar-25)
Rating Analysts	Noor Fatima | noor.fatima@pacra.com | +92-42-35869504

Profile

Structure NBP Fund Management Limited ("NBP Funds" or "AMC") was incorporated in 2005 as a public unlisted AMC. Association with NBP provides strength with a network of 1,503 (Dec'23: 1,508) branches in Pakistan including 207 Islamic Banking branches and 16 overseas branches.

Background The AMC is licensed by SECP to carry out asset management, investment advisory and pension services. NBP Funds is one of the largest Asset Management companies in Pakistan with a diversified product slate in conventional and shariah compliant categories.

Market Share The market share of the AMC stood at 12% at the end Dec'24 (Dec'23: 12.4%). The AMC still retained its second highest AUMs share in market.

Diversification Of Fund Mix The AMC is currently managing a diverse product slate of twenty seven funds in twelve different conventional and Shariah Compliant categories, four voluntary pension schemes, and one ETF. NBP Funds is also managing SMA portfolio.

Investor Concentration At the AMC level, the top 10 investor concentration stood at ~26% at the end of Dec'24 (Dec'23: 24%) and the average related party holding represents ~12% of total AUM.

Ownership

Ownership Structure NBP is the largest shareholder of the AMC with a stake of 54% followed by Baltoro Growth Fund with a stake of 36% and individuals holds the remaining 10% stake in the AMC.

Business Acumen Building on decades of expertise and sustained profitability, NBP enjoys strong financial foundation and outreach across all regions of the Country. It is one of the most recognized names in banking industry.

Financial Strength With an asset base of ~PKR 4.3bln at end Dec'24, the association with NBP provides strong support and lend credence to the NBP Funds.

Governance

Board Structure The AMC's eight-member Board comprises the CEO, three representatives of NBP, two representatives of Baltoro Growth Fund and two independent directors.

Members' Profile The Board carries diversified experience (33 Years on average) in different business areas, particularly banking, and investment management. Muhammad Abdul Wahid Sethi (Chairperson), Faisal Ahmed and Mehnaz Salar are the representatives of NBP whilst Ali Saigol and Imran Zaffar are the representatives of Baltoro Growth Fund. Mr. Faisal Ahmed has joined the Board as a non-executive director in replacement of Mr. Tauqeer Mazhar in Aug'24. Mr. Faisal Ahmed has served on various management committees at NBP. Mr. Umar Ahsan Khan was appointed by the Board as an independent director in place of resigning Director; Mr. Ruhail Muhammad, in Mar'25. The approval from SECP on Mr. Umar's appointment is pending.

Board Effectiveness There are three committees at the Board level, Audit and Risk Committee, HR and Remuneration Committee and Strategy and Business Planning for effective monitoring and board assistance. The Board meeting attendance ratio is almost 100% for all board of directors.

Transparency NBP Funds has an in-house internal audit department to monitor control systems. It reports quarterly to the audit committee of the Board regarding its findings and ensures compliance of corrective actions. The external auditors of the AMC are A. F. Ferguson & Co, have provided a qualified opinion on the Financial Statements for FY24.

Management

Organizational Structure NBP Funds operates through thirteen departments. For smooth functioning, there are nine management committees headed by the CEO except for Operational & Financial Risk Management Committee, which is headed by the CFO.

Management Team The management team of NBP Funds comprises of experienced and qualified professionals. CEO, Dr. Amjad Waheed, CFA, holds a Doctorate in Business Administration. He has extensive experience in domestic and international capital markets spanning over two decades. Mr. Asim Wahab Khan, Chief Investment Officer, holds MBA in Finance and is a CFA Charter holder. He has been associated with the AMC from 5 years. Mr. Khalid Mehmood, CFO, has resigned in Dec'24. In his replacement, Mr. Zaheer Iqbal has been joined in Jan'25. Mr. Zaheer Iqbal is an Associate member of the ICAP and previously worked as Head of operations within the AMC.

Technology Infrastructure The AMC is using an in-house developed asset management application as its core business software. The system has separate modules for equity and fixed income securities.

Control Environment NBP Funds has an in-house Internal Audit Department (IAD), headed by Mr. Syed Waheed Ul Hassan Abidi, ACA. IAD is independent of the management and reports quarterly to the Audit and Risk Committee of the Board.

Investment Risk Management

Credit Risk The AMC has an internal risk assessment software (MIS reports) that generates variety of reports, and limits overall exposure as per defined limits.

Liquidity Profile The AMC has a sound IT infrastructure providing liquidity status report to management team. NBP Funds maintains liquidity cushions for anticipated redemption requirements and strictly adheres to defined limits.

Market Risk The risk management department conducts regular sessions with the fund management department to deliberate on the prevailing industry dynamics and market conditions. NBP Funds manages market risk by monitoring exposure in marketable securities, following the internal risk management policies, and regulations laid down by the SECP.

Portfolio Management

IC Composition The investment decision making process is well-structured with the CEO providing critical support. The AMC convenes separate Investment Committees, each for fixed income and equity funds. Each committee comprises CEO, CIO and Head of Research along with the head of fixed income and head of equity accompanied by respective fund managers and head of risk as a permanent member.

Effectiveness The Investment Committee formally meets on weekly basis and the research department presents an investment summary to the committee.

Investment Research And Analysis The research department falls under the purview of CIO, headed by Mr. Hassan Raza, CFA having over seven years of experience in the equity research. The team comprises of well experienced and qualified research analysts. Fund performance is also monitored by the research department on a regular basis. To retain and increase its share in the SMA segment, management has a complete separate team to provide personalized services to high net worth individuals.

Customer Relationship

Investor Services The Investor Services Department handles investor communications and queries. The Fund offers an online portal, mobile app, 1-Link, M-Net ATM services, and a call center for complaints. An Online Portfolio Information System is available for SMA clients.

Investor Reporting The AMC publishes fund manager reports on its website in a timely manner. The CEO and CIO also provides summarized short videos on market and sector analytics.

Distribution And Sales Network The AMC serves retail and corporate segments, with retail led by the CEO, and has signed multiple distribution agreements since Jun'24. The AMC's sales team has about 309 employees. Centralized Client Relationship Management monitors sales managers and investment consultants.

Performance

Asset Under Management Since Jun'24, the AUMs of NBP Funds grew by 51% to stand at PKR 522bln at end Dec'24 (Jun'24: PKR 346bln). Majority of the funds out performed the benchmark.

Asset Manager The profitability of NBP Funds elevated to ~PKR 705mln during 6MFY25 (SPLY: PKR 358mln) with equity standing at PKR 2,192mln at 6MFY25 (SPLY: PKR 2,037mln), well above the minimum requlatory requirement.

Fund's Performance | NBP Fund Management Limited											
Sr. No.	Fund Name	Category	Weight (%)	AUM Size (PKR 'mln')					Return | Rolling 12 Months | Dec'24		Rollling 12 Months
				Dec-24	Sep-24	Jun-24	Mar'24	Dec'23	Return	Bench.	Fund vs. Benchmark
1	NBP Financial Sector Income Fund	Income	12.59%	65,723	54,288	58,082	49,985	26,538	20.5%	18.6%	1.9%
2	NBP Money Market Fund	Money Market	25.57%	133,502	89,265	59,215	57,196	54,218	20.4%	18.3%	2.1%
3	NBP Stock Fund	Equity	6.80%	35,509	19,927	17,871	16,564	15,432	91.4%	93.2%	-1.8%
4	NBP Islamic Daily Dividend Fund	Shariah Compliant Money Market	2.32%	12,088	8,993	24,717	26,818	29,015	19.7%	10.4%	9.3%
5	NBP Islamic Mahana Amdani Fund	Shariah Compliant Income	3.10%	16,175	15,566	11,131	13,662	12,525	18.9%	10.5%	8.4%
6	NBP Islamic Income Fund	Shariah Compliant Income	1.89%	9,854	8,940	6,386	7,179	7,193	18.9%	10.5%	8.4%
7	NBP Income Opportunity Fund	Income	1.41%	7,376	5,651	4,566	4,461	4,658	21.0%	18.6%	2.4%
8	NBP Islamic Money Market Fund	Shariah Compliant Money Market	7.12%	37,158	29,846	21,049	17,140	14,019	19.5%	10.4%	9.1%
9	NBP Islamic Stock Fund	Shariah Compliant Equity	1.57%	8,172	3,307	3,007	2,497	2,570	87.3%	70.6%	16.7%
10	NBP Mahana Amdani Fund	Income	1.84%	9,584	7,783	7,187	8,505	7,352	20.0%	18.6%	1.4%
11	NBP Islamic Sarmaya Izafa Fund	Shariah Compliant Asset Allocation	0.33%	1,728	1,159	1,244	1,195	1,201	74.8%	59.2%	15.6%
12	NBP Riba Free Savings Fund	Shariah Compliant Income	1.68%	8,747	8,913	4,939	1,556	1,465	18.7%	10.5%	8.2%
13	NBP Islamic Savings Fund	Shariah Compliant Income	2.35%	12,295	11,788	12,622	10,037	4,285	19.4%	10.5%	8.9%
14	NBP Savings Fund	Income	1.54%	8,045	6,068	6,329	4,258	4,173	20.3%	18.6%	1.7%
15	NBP Government Securities Liquid Fund	Money Market	3.04%	15,853	14,265	8,850	6,805	4,282	20.4%	18.3%	2.1%
16	NBP Balanced Fund	Balanced	0.27%	1,435	1,028	973	892	860	64.5%	66.3%	-1.8%
17	NBP Sarmaya Izafa Fund	Asset Allocation	0.16%	814	622	611	561	538	78.3%	77.8%	0.5%
18	NBP Islamic Energy Fund	Shariah Compliant Equity	0.94%	4,892	1,064	1,200	715	809	104.8%	70.6%	34.2%
19	NBP Financial Sector Fund	Equity	0.05%	237	320	243	188	185	83.2%	93.2%	-10.0%
20	NBP Government Securities Savings Fund	Income	2.21%	11,564	8,566	5,312	5,081	6,694	21.8%	18.3%	3.5%
				Plans							
21	NBP Cash Plan I	Money Market	0.73%	3,799	3,574	4,050	5,104	4,128	20.2%	18.3%	1.9%
22	NBP Cash Plan II	Money Market	2.90%	15,157	4,974	10,811	13,852	11,088	20.5%	18.3%	2.2%
25	NBP Islamic Fixed Term Munafa Plan II	Shariah Compliant Fixed Rate/Return	-		-	-	741	713			-
26	NBP Islamic Fixed Term Munafa Plan V (Launch Date: Jan'24)	Shariah Compliant Fixed Rate/Return	-		615	589	603	-			-
27	NBP Islamic Fixed Term Munafa Plan III (Launch Date: May'24)	Shariah Compliant Fixed Rate/Return	0.59%	3,060	2,916	2,783	-	-	-	-	-
28	NBP Islamic Fixed Term Munafa Plan VI (Launch Date: Apr'24)	Shariah Compliant Fixed Rate/Return	0.25%	1,283	1,219	1,154	-	-			-
29	NBP Government Securities Plan II	Income Fund	-		-	29	520	2,625			0.0%
30	NBP Income Plan I	Income Fund	0.53%	2,772	3,037	2,025	3,937	2,552	20.5%	18.6%	1.9%
35	NBP Government Securities Plan IV	Income Fund	2.16%	11,256	11,665	4,431	4,463	700	21.6%	18.3%	3.3%
36	NBP Government Securities Plan V	Income Fund	-		-	-	-	20,340			-
37	NBP Government Securities Plan VI	Income Fund	-		-	1,002	1,012	975			-
38	NBP Islamic Government Securities Plan III (Launch date: Jan'24)	Income Fund	2.82%	14,711	5,305	611	627	-			-
39	NBP Fixed Term Munafa Plan IV (Launch date: Oct'23)	Fixed Return/Rate	-		5,860	5,859	5,718	5,481			-
40	NBP Fixed Term Munafa Plan V (Launch date: Nov'23)	Fixed Return/Rate	-		2,418	2,633	2,562	2,466			-
41	NBP Fixed Term Munafa Plan VI (Launch date: Dec'23)	Fixed Return/Rate	-		6,004	5,763	5,581	5,362			-
42	NBP Fixed Term Munafa Plan VII (Launch date: Dec'23)	Fixed Return/Rate	-		3,204	3,037	2,934	2,833			-
43	NBP Fixed Term Munafa Plan VIII (Launch date: Mar'24)	Fixed Return/Rate	2.07%	10,804	14,498	15,972	1,002	-	-	-	-
44	NBP Fixed Term Munafa Plan IX (Launch date: Jan'24)	Fixed Return/Rate	-		7,899	7,492	7,188	-			-
45	NBP Fixed Term Munafa Plan X (Launch date: Mar'24)	Fixed Return/Rate	-		2,798	2,665	2,557	-			-
46	NBP Fixed Term Munafa Plan XI (Launch date: Apr'24)	Fixed Return/Rate	-		1,630	1,551	-	-			-
47	NBP Fixed Term Munafa Plan XII (Launch date: Apr'24)	Fixed Return/Rate	0.27%	1,387	1,336	1,268	-	-	-	-	-
48	NBP Fixed Term Munafa Plan XIV (Launch date: May'24)	Fixed Return/Rate	0.78%	4,058	3,915	3,669	-	-	-	-	-
49	NBP Fixed Term Munafa Plan XV (Launch date: Jul'24)	Fixed Return/Rate	0.21%	1,113	1,075	-	-	-			-
50	NBP Fixed Term Munafa Plan XVI (Launch date: Jul'24)	Fixed Return/Rate	0.12%	628	604	-	-	-			-
51	NBP Fixed Term Munafa Plan XVII (Launch date: Jul'24)	Fixed Return/Rate	0.21%	1,098	1,057	-	-	-			-
52	NBP Fixed Term Munafa Plan XVIII (Launch date: Oct'24)	Fixed Return/Rate	0.37%	1,912	-	-	-	-			-
53	NBP Fixed Term Munafa Plan XIX (Launch date: Oct'24)	Fixed Return/Rate	0.83%	4,349	-	-	-	-			-
54	NBP Fixed Term Munafa Plan XX (Launch date: Oct'24)	Fixed Return/Rate	0.39%	2,058	-	-	-	-			-
55	NBP Fixed Term Munafa Plan IA (Launch date: Nov'24)	Fixed Return/Rate	1.54%	8,031	-	-	-	-			-
56	NBP Fixed Term Munafa Plan IIA (Launch date: Nov'24)	Fixed Return/Rate	0.49%	2,542	-	-	-	-			-
57	NBP Fixed Term Munafa Plan IIIA (Launch date: Nov'24)	Fixed Return/Rate	0.27%	1,388	-	-	-	-			-
58	NBP Fixed Term Munafa Plan IVA (Launch date: Dec'24)	Fixed Return/Rate	1.93%	10,062	-	-	-	-			-
59	NBP Fixed Term Munafa Plan VA (Launch date: Dec'24)	Fixed Return/Rate	0.58%	3,012	-	-	-	-			-
60	NBP Pakistan Growth Exchange Traded Fund	ETF	0.02%	127	90	88	80	74	82.1%	89.0%	-
61	NBP Pension Fund	VPF	3.21%	16,766	14,134	12,915	11,422	10,385	-	-	-
Sum/Average:			100.00%	522,124	397,186	345,931	305,198	267,734			

Asset Manager Rating
An independent opinion on an asset manager's expertise, quality of services and potential vulnerability to investment management and operational challenges

Scale	Definition
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.

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. 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’.

Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. 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 watch may accompany rating outlook of the

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, the rating should be considered withdrawn.

Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveill the opinion due to lack of requisite information.

Harmonization A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

Regulatory and Supplementary Disclosure

(Credit Rating Companies Regulations,2016)

Rating Team Statements

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) **Conflict of Interest**

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA´s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
(19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument;| Chapter III | 17-(d)

Probability of Default

(22) PACRA´s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA´s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA´s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

Proprietary Information