



## The Pakistan Credit Rating Agency Limited

### Rating Report

## JS Investments Limited

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#### Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
30-Nov-2024	AM2++	-	Stable	Upgrade	-
27-Dec-2023	AM2+	-	Stable	Maintain	-
27-Dec-2022	AM2+	-	Stable	Upgrade	-
06-Aug-2022	AM2	-	Positive	Maintain	-
09-Aug-2021	AM2	-	Stable	Maintain	-
01-Sep-2020	AM2	-	Stable	Initial	-

#### Rating Rationale and Key Rating Drivers

The rating upgrade reflects JS Investments Limited's ("JSIL" or the "Company") highly experienced and skilled team, robust governance framework, strong risk and compliance management, and a disciplined and well-structured investment process. The Company's focus on building a technology platform and revenue stability through a diversified product mix, including fee income from CIS, REIT, and SMAs, are key rating drivers. The investment team benefits from strong trading support and automated, scalable systems, ensuring efficient operations. Policies, risk budgets, and limits are well-defined across all funds. The Company has significantly invested in digital services to enhance customer engagement, offering solutions like customer onboarding, SMA wealth management, digital pension fund onboarding, and a WhatsApp bot. The Zindigi App, aimed at Gen Z and millennials, delivers user-friendly financial solutions. These technological investments have driven notable inflows through digital channels. Tailored products such as JS Micro-finance Sector Fund, JS KPK Pension Fund, and JS Fixed Term Munafa Plans showcase innovation and strengthen the rating. The AUMs reached ~PKR 101bln, growing ~51% since Dec'2023, capturing ~3% market share as of the end Nov'2024. In addition, ~PKR 21bln was contributed by Advisory funds. While the AUM mix leans toward corporates, enhanced retail penetration is expected to yield competitive advantages. However, high top-10 investor concentration requires diversification for long-term stability. In the trailing 12 months ending Sep'2024, the majority of the funds ranked in the top quartile, with equity category performance aligning with industry trends. Sustaining fund performance across categories and maintaining strong credit quality metrics will be key for future ratings.

During 9MCY24, the Company reported a 100% increase in core revenue, reaching PKR 343mln (9MCY23: PKR 171mln). Supported by higher core revenues, realized/unrealized investment gains, and dividend income, profitability rose to PKR 256mln (9MCY23: PKR 117mln). The Company's equity stood at PKR 1.9bln as of Sep'2024 (Dec'2023: PKR 1.7bln). The rating incorporates the Company's association with JS Bank Limited and potential synergies due to the established presence of JS Group in the financial sector.

The rating relies on the Company's ability to enhance its market position in AUMs, maintain superior fund performance, and uphold strong governance and organizational structure. Improving investor granularity and increasing retail penetration through digital channels will be crucial.

#### Disclosure

<b>Name of Rated Entity</b>	JS Investments Limited
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	Asset Manager Rating
<b>Applicable Criteria</b>	Methodology   Rating Modifiers(Apr-24),Assessment Framework   Asset Manager Rating(Jun-24)
<b>Related Research</b>	Sector Study   Asset Management Companies (AMCs)(Jun-24)
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# Asset Management Companies (AMCs)

## Profile

**Structure** JS Investments Limited (“JSIL” or the “Company”) is a publicly listed company in Pakistan, incorporated in 1995, under the Companies Act, 2017. Licensed under NBFC Rules, 2003, and NBFC Regulations, 2008, JSIL operates as an asset manager, investment advisor, and Pension Fund Manager under the Voluntary Pension System Rules, 2005. It has also obtained licenses for private equity, venture capital, and REIT management from SECP.

**Background** JSIL was founded by INVESCO PLC, Europe’s largest investment manager, and IFC, the World Bank Group’s private sector arm. It offers diverse investment products, including mutual funds, pension schemes, SMAs, REITs, and private equity funds, for individual and institutional investors.

**Market Share** JSIL is aggressively working to strengthen its penetration in the industry. Currently, the market share of the Company stood at ~3% as of the end of Sep’2024.

**Diversification Of Fund Mix** JSIL manages a diverse portfolio of seventeen funds across Conventional and Shariah-compliant categories, four voluntary pension schemes, one Exchange Traded Fund, and one closed-end fund, the JS Rental REIT Fund.

**Investor Concentration** As of Sep’24, the top-10 investor concentration at the fund level remained high, ranging between 60%-80%, with related party holdings averaging 10%. At the AMC level, overall investor concentration stood at 43%.

## Ownership

**Ownership Structure** JSIL is a subsidiary of JS Bank Limited, which holds an 84.56% stake, while the remaining 15.44% is owned by financial institutions and the general public.

**Business Acumen** JS Bank Limited, a subsidiary of Jahangir Siddiqui & Co. Limited (JSCL). JSCL serves as the holding company for JS Group, which is primarily focused on financial services, including asset management, securities and commodities brokerage, commercial banking, and insurance, alongside other diversified activities.

**Financial Strength** JS Bank Limited has an unconsolidated asset base of PKR 680bln at end-Sep’24 accompanied by the equity of PKR 43.4bln. The long-term credit rating of JS Bank is ‘AA’ and the short-term rating is ‘A1+’.

## Governance

**Board Structure** JSIL’s control rests with an eight-member board of directors, including the CEO. The Board comprises three independent directors, with all others, except the CEO, being non-executive.

**Members’ Profile** The Chairperson, Mr. Suleman Lalani, also serves as group president of JSCL. A Fellow of the Institute of Chartered Accountants of Pakistan, he has 25 years of financial services experience. Previously, he was Executive Director of Finance & Operations, Company Secretary, and CFO at JS Investments Limited for seven years. The Board brings an average of 30 years of diversified experience across banking, finance, investments, microfinance, acquisitions, restructuring, international marketing, economics, and technology, with members possessing strong profiles and industry-relevant expertise.

**Board Effectiveness** To maintain an effective control environment and ensure compliance with reporting standards, JSIL has established an Audit Committee, HR Committee, and Executive Risk Management Committee at the Board level. These committees operate under Board-approved Terms of Reference (TORs).

**Transparency** JSIL has outsourced its internal audit function to M/S BDO Ebrahim & Co. for effective control monitoring. The external auditors, M/S KPMG Taseer Hadi & Co., hold a satisfactory QCR rating and are classified in the ‘A’ category on the SBP Panel of Auditors. They issued an unmodified review report for the year ended Dec’2023.

## Management

**Organizational Structure** JSIL has a well-defined organizational structure based on eight departments, i) HR and Administration, ii) Compliance and Risk Management, iii) Business Development, iv) Investments and Research, v) Information Technology, vi) Finance, vii) Internal Audit and viii) Operations.

**Management Team** JSIL’s management team, led by CEO Ms. Iffat Zehra Mankani since April 2021, brings over 20 years of experience across public and private markets. She previously served at PwC Canada’s Deals Advisory team, specializing in financial instruments and private debt valuations. The team’s expertise spans financial management, internal controls, corporate governance, capital markets, investment management, equity advisory, and private banking.

**Technology Infrastructure** JSIL utilizes a Unit Management System and ERP Application by Softech Systems Private Limited. The management has established a four-member IT Steering Committee to address IT matters efficiently. The Company is focused on strengthening its technological platform to enhance outreach and customer service.

**Control Environment** The compliance and risk management department ensures adherence to statutory regulations and internal guidelines. Segregating functions to minimize overlaps aligns with best practices and strengthens controls. KYC/AML practices are strictly monitored.

## Investment Risk Management

**Credit Risk** Policies, risk budgets, and limits are well-defined across all funds.

**Liquidity Profile** The department ensures sufficient liquidity by investing in liquid avenues. Internally designed methods are used to classify stocks into liquid/semiliquid/IL-liquid categories.

**Market Risk** For managing market risk, various techniques such as VaR analysis, beta analysis, and stress testing are being used. The exposure limits applicable to interest-bearing securities are regularly reviewed and reported to the management.

## Portfolio Management

**IC Composition** The investment decision-making process is well-structured with the CEO providing critical support. The members of the investment committee also include the CIO and fund managers.

**Effectiveness** The investment committee regularly reviews the investment strategy and performance of each fund to assess the impact of various factors. The addition of an independent research head would further enhanced the committee’s effectiveness.

**Investment Research And Analysis** The research department, which falls under the purview of the CIO, is headed by Mr. Aijaz Ali. He possesses years of experience in equity research. Currently, his team comprises two qualified research analysts and a database manager.

## Customer Relationship

**Investor Services** The Company has significantly invested in digital services to enhance customer engagement, offering solutions like customer onboarding, SMA wealth management, digital pension fund onboarding, and a WhatsApp bot. The Zindigi App, aimed at Gen Z and millennials, delivers user-friendly financial solutions, news and financial market updates, equity market indices, investment account details, and E-transactions.

**Investor Reporting** JSIL disseminates monthly unitholder statements, including monthly NAVs, benchmark return comparisons, and asset allocations. JSIL publishes FMRs on its website promptly.

**Distribution And Sales Network** Currently, JS Bank - the Parent Company, BankIslami, and the Group Company are distribution partners of JS Investments Limited.

## Performance

**Asset Under Management** The AUMs at end-Nov’2024 amounted to ~PKR 101bln with a market share of ~3%. In the trailing 12 months ending Sep’2024, the majority of the funds ranked in the top quartile, with equity category performance aligning with industry trends.

**Asset Manager** During 9MCY24, the Company reported PAT of PKR 256mln in Sep’2024 (9MCY23: PKR 117mln). The equity stood at PKR 1.9bln at end-Sep’2024.

**Fund's Performance | JS Investments Limited**

Sr. No.	Fund Name	Category	Weight (%)	AUMs (PKR' mln)				Return   Rolling 12 Months (Oct'23- Sep'24)		
				Sep-24	Jun-24	Mar-24	Dec-23	Return	Benchmark	Fund vs. Bmark
1	JS Cash Fund	Money Market	25.2%	18,973	22,990	20,215	28,791	22.2%	20.0%	2.2%
2	JS Microfinance Sector Fund	Income	10.3%	7,765	10,188	6,769	7,789	23.6%	20.7%	2.9%
3	JS Islamic Money Market Fund (Formerly JS Islamic Daily Dividend Fund)	Shariah Compliant Money Market	2.7%	2,001	3,019	2,376	4,636	21.2%	11.5%	9.7%
4	JS Government Securities Fund	Income	12.4%	9,365	6,110	6,327	9,059	23.4%	20.4%	3.0%
5	JS Growth Fund	Equity	3.3%	2,473	2,385	2,236	2,067	66.7%	81.4%	-14.7%
6	JS Income Fund	Income	8.9%	6,695	8,468	9,833	5,865	21.5%	20.7%	0.8%
7	Unit Trust of Pakistan	Balanced	2.0%	1,510	1,379	1,253	1,185	57.8%	55.2%	2.6%
8	JS Money Market Fund	Money Market	1.2%	933	1,300	2,480	2,848	22.0%	20.0%	2.0%
9	JS Islamic Income Fund	Shariah Compliant Income	2.4%	1,797	897	836	868	19.7%	11.5%	8.2%
10	JS Fund of Funds	Fund of Funds	1.2%	890	837	438	409	61.1%	54.5%	6.6%
11	JS Large Cap Fund	Equity	1.9%	1,457	1,315	657	369	75.6%	81.4%	-5.8%
12	JS Islamic Fund	Shariah Compliant Equity	0.4%	274	285	227	233	59.8%	60.6%	-0.8%
13	JS Islamic Hybrid Fund of Funds (JS Islamic Capital Preservation Allocation Plan VIII)	Shariah Compliant Fund of Funds - CPPI					24			
14	JS Islamic Premium Fund	Shariah Compliant Income	0.0%	3	675	538	481			
15	JS Fixed Term Munafa Fund ( JS Fixed Term Munafa Plan I) (Launch date: Jan'24)	Fixed Rate/Return	2.6%	1,933	1,790	1,723	-			
16	JS Fixed Term Munafa Fund ( JS Fixed Term Munafa Plan II)	Fixed Rate/Return	2.8%	2,091	2,479	2,467	-			
17	JS Fixed Term Munafa Fund ( JS Fixed Term Munafa Plan III) (Launch Date: Apr'24)	Fixed Rate/Return	5.1%	3,830	3,578	-	-			
18	JS Fixed Term Munafa Fund (JS Fixed Term Munafa Plan IV) (Launch Date: May'24)	Fixed Rate/Return			1,031	-	-			
19	JS Fixed Term Munafa Fund (JS Fixed Term Munafa Plan V) (Launch Date: May'24)	Fixed Rate/Return			1,562	-	-			
20	JS Fixed Term Munafa Fund (JS Fixed Term Munafa Plan VI) (Launch Date: Jul'24)	Fixed Rate/Return	2.1%	1,619	-	-	-			
21	JS Fixed Term Munafa Fund (JS Fixed Term Munafa Plan VII) (Launch Date: Aug'24)	Fixed Rate/Return	3.4%	2,583	-	-	-			
22	JS Fixed Term Munafa Fund (JS Fixed Term Munafa Plan VIII) (Launch Date: Aug'24)	Fixed Rate/Return	6.5%	4,886	-	-	-			
23	JS Fixed Term Munafa Fund (JS Fixed Term Munafa Plan VIII) (Launch Date: Sep'24)	Fixed Rate/Return	4.2%	3,170	-	-	-			
24	JS Islamic Hybrid Fund of Funds (Mutasabib)	Shariah Compliant Fund of Funds								
25	JS Momentum Factor ETF	ETF	0.1%	80	27	10	9	132.8%	126.7%	6.1%
26	VPS	VPS	1.5%	1095	1052	940	875			
Sum/Average:			100%	75,421	71,367	59,324	65,511			

### 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	<b>Very high quality.</b> Asset manager meets or exceeds the overall investment management industry best practices and highest benchmarks.
AM2++ AM2+ AM2	<b>High quality.</b> Asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.
AM3++ AM3+ AM3	<b>Good quality.</b> Asset manager meets investment management industry standards and benchmarks.
AM4++ AM4+ AM4	<b>Adequate quality.</b> Asset manager demonstrates an adequate organization that meets key investment management industry standards and benchmarks.
AM5	<b>Weak.</b> Asset manager does not meet the minimum investment management industry standards and benchmarks.

<p><b>Outlook (Stable, Positive, Negative, Developing)</b> 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'.</p>	<p><b>Rating Watch</b> 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</p>	<p><b>Suspension</b> 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.</p>	<p><b>Withdrawn</b> 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.</p>	<p><b>Harmonization</b> A change in rating due to revision in applicable methodology or underlying scale.</p>
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(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)

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- 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

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- (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).
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- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
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- (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)

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