



The Pakistan Credit Rating Agency Limited

Rating Report

AKD Investment Management Limited

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Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
07-May-2025	AM2	-	Stable	Upgrade	-
27-Jun-2024	AM3++	-	Positive	Maintain	-
27-Jun-2023	AM3++	-	Positive	Maintain	-
30-Jun-2022	AM3++	-	Positive	Maintain	-
08-Feb-2021	AM3++	-	Stable	Maintain	-
08-Feb-2020	AM3++	-	Negative	Maintain	-
09-Aug-2019	AM3++	-	Stable	Maintain	-

Rating Rationale and Key Rating Drivers

The rating upgrade reflects AKD Investment Management Limited's ("AKD" or the "AMC") sustained progression over a longer horizon; the company has withstood tough and volatile market conditions. The prime factor has been the sponsor's unwavering support and the management's resilience in the wake of changing market conditions. The AMC manages a reasonably diversified portfolio of funds and is actively pursuing digital initiatives to keep pace with the rapidly evolving digital landscape. The AMC is also managing investment advisory portfolios and earning advisory fees, which contribute positively to its core income. Since December 2023, the asset management industry has experienced substantial growth of approximately 100%, with total Assets Under Management (AUMs) reaching PKR 4.3 trillion as of December 2024. This growth has been broad-based across all three major categories: Equity (105%), Money Market (105%), and Income (111%). Despite the rapid expansion of the industry, the AMC successfully maintained its market share. Notable growth was recorded in the Golden Arrow Stock Fund and AKD Cash Fund. Overall, the performance of the AMC's funds has remained broadly aligned with industry averages. The efficacy and proficiency of the research function would remain critical for the performance of the funds. In terms of clientele mix, the AMC has a strong presence in the retail segment, with approximately 57% of its investor base comprising retail clients, while the remaining 43% consists of institutional investors. As of CY24, the concentration of the top 10 investors remained elevated at approximately 39.4%. On the financial front, the AMC reported a profit after tax (PAT) of PKR 115 million (6MCY23: PKR 68 million), with equity standing at PKR 409 million. To support the AMC's ongoing business growth, the sponsors injected PKR 100 million as an advance against a rights issue. As a result, the equity base is expected to exceed PKR 500 million. Additionally, the sponsors are expected to contribute seed capital to the upcoming fund.

Going forward, the successful execution of the business strategy following the PKR 100 million capital injection will be vital to sustaining the assigned rating. Key considerations will include achieving sustainable business growth, maintaining consistent fund performance, reducing investor concentration, and ensuring adequate penetration in the other fund segment.

Disclosure

Name of Rated Entity	AKD Investment Management Limited
Type of Relationship	Solicited
Purpose of the Rating	Asset Manager Rating
Applicable Criteria	Assessment Framework Asset Manager Rating(Jun-24),Methodology Rating Modifiers(Apr-25)
Related Research	Sector Study Asset Management Companies (AMCs)(Mar-25)
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Asset Management Companies (AMCs)

The Pakistan Credit Rating Agency Limited

Profile

Structure AKD Investment Management Limited ("AKDIML" or the "AMC") is a public limited unlisted company.

Background The AMC was incorporated in 2004 and is part of AKD Group. The group specializes in capital markets through its brokerage, investment advisory, and asset management.

Market Share The current market share of the AMC is 0.25% at end Mar'25.

Diversification Of Fund Mix The fund slate is composed of 08 open-end funds belonging to all major categories. These include aggressive fixed income, money market, index tracker, equity, shariah compliant equity, shariah compliant money market and shariah compliant income.

Investor Concentration The average top 10 investor concentration at end Dec'24 stood at 39.4% of total AUM's, which represents average redemption pressure.

Ownership

Ownership Structure The AMC is a wholly owned subsidiary of AKD Group Holdings (Private) Limited, holding ~99.97% stake in the AMC. The remaining shares are held by the five directors and Mr. Faisal Bengali, an ex-CEO of the AMC.

Business Acumen AKD Group is among the leading business conglomerates in Pakistan. It has decades of experience in the asset management, brokerage, technology, energy, and real estate sectors of the Country.

Financial Strength The financial strength of the sponsor, AKD Group Holdings (Private) Limited, remains strong due to its diversified profitable businesses.

Governance

Board Structure The AMC's board comprises of seven members, including the CEO Mr. Imran Motiwala. Two directors are independent members, three are non-executives and two are executives.

Members' Profile Mr. Khalid Mahmood is the Chairperson of AKDIML. Mr. Khalid is a former CSS officer who served in the Pakistan Customs Service. He holds an MBA as well as a Master's degree in Political Science.

Board Effectiveness The Board of the AMC has the overall responsibility for establishment and oversight of risk management framework. The Board has established two committees, (i) Audit and Risk Management Committee and (ii) Human Resource, Remuneration, and Nomination Committee. The AMC has an in-house internal audit department that reports to the Audit and Risk Management Committee.

Transparency The AMC has appointed Riaz Ahmed & Co. Chartered Accountants, classified in 'A' category by SBP, as its statutory auditor for FY25. Yousuf Adil Chartered Accountants was the previous auditor of the AMC and the auditor has expressed an unmodified conclusion on the financial statements of FY24.

Management

Organizational Structure The organizational structure of the AMC is well defined and is divided into nine departments that work under the supervision of the CEO. The research and fund management departments reports to the CIO, who in turn, reports to the CEO.

Management Team The senior management of the AMC comprises qualified and experienced professionals. The COO, Mr. Muhammad Yaqoob, CFA has twenty years of experience. He is supported by an experienced core management team having long association with the AMC. Ms. Anum Aqeel Dhedhi, CIO, holds a BSc in Financial Economics from the City University of London, United Kingdom. The Company has strengthened its leadership team with the strategic appointment of Mr. Faisal Shaikha (Chief Strategic Officer) and Mr. Tahir Hasan (Head of Trading) to key senior positions. They bring average of over 30 years experience—a move that underscores the Company's commitment to enhancing its strategic capabilities.

Technology Infrastructure The AMC utilized an in-house asset management application called "FunDXs," previously. In May 2024, the AMC successfully transitioned to an outsourced software solution provided by ITMinds. The AMC now offers a comprehensive online investor portal that facilitates seamless investment transactions. Additionally, the AMC provides dedicated mobile applications for both Android and iOS platforms, ensuring enhanced accessibility and convenience for investors. The company offers a WhatsApp chatbot for seamless transactions and access to account statements and balances.

Control Environment The AMC has devised detailed policies for IT, operations, research, investment and risk management. The AMC uses a dedicated software, which timely notifies any breach in exposure limit and specified margins.

Investment Risk Management

Credit Risk The AMC has developed an internal risk assessment system and mechanism to evaluate the risk of the overall portfolio. Exposure and margin limits are properly defined and controls are in place to ensure the allocation limit. Cash is held only with reputable banks with high quality external credit enhancements.

Liquidity Profile The risk management department generates liquidity and redemption risk report for equity funds that shows a list of liquid stocks, which are able to meet heavy redemption under both normal and distress conditions without incurring unacceptable losses or risking damage to the AMC's reputation.

Market Risk The risk management department follows the internal risk management policies and generates stress testing report as per SECP guidelines. The report takes into account the interest rate volatility affecting the fixed income portfolio of the fund management.

Portfolio Management

IC Composition The Investment Committee of the AMC comprises six members, including the CEO, COO, CIO, Chief Strategic Officer, and Fund Managers.

Effectiveness The IC formally meet regularly in order to make investment decisions and monitor funds performance.

Investment Research And Analysis The research department reports directly to the CIO. Currently, Research & Investment department has five members including the CIO.

Customer Relationship

Investor Services The AMC releases its fund manager reports on its web site in a timely manner. Furthermore, the AMC has partnered up with 1- Link to facilitate its investors to make ATM redemption from the country's banks.

Investor Reporting The AMC's webpage is used as a reporting platform for dissemination of information pertaining to the AMC and its funds under management, which includes NAV history, fund performance, product characteristics and other important announcements.

Distribution And Sales Network The AMC's sales team comprises ten individuals including director corporate and head of retail sales.

Performance

Asset Under Management The AMC's assets under management currently stood at ~PKR 9.3bln at end Mar'25 (Dec'24: PKR 9.8bln; Jun'24: PKR 7.5bln). The AMC's money market and equity categories have shown an inclining trend, however, the income category of the AMC has decreased during the year. Funds in the money market category remained in line with the industry averages and posted returns above benchmarks. Consistent fund performance with above-average returns is imperative.

Asset Manager During 6MFY25, the management fee has inclined to ~61mln (6MFY24: PKR 40mln). The profitability of the AMC took a major jump to PKR 115mln during the period (6MFY24: PKR 68mln). Other income, majorly surplus on revaluation of investments, contributed to the increase in profitability. The equity of the AMC stood at PKR ~409mln, which is above the minimum capital requirement.

Fund's Performance | AKD Investment Management

Sr. No.	Fund Name	Category	Weight (%)	%age change Dec'23-Dec'24	%age change Mar'24- Mar'25	AUMs (PKR "000")					Returns 12Months (Apr'23 to Mar'24)		
						Mar-25	Dec-24	Jun-24	Mar-24	Dec'23	Return	Bench.	Fund vs. Bench.
1	AKD Islamic Income Fund	Shariah Compliant Income	14%	-2.0%	-11.8%	1,340,378	1,597,835	1,707,773	1,520,471	1,630,697	17.10%	10.45%	6.7%
2	AKD Cash Fund	Money Market	22%	30.4%	23.1%	2,031,759	2,445,020	1,239,408	1,650,513	1,875,197	17.43%	16.17%	1.3%
3	Golden Arrow Stock Fund (Formerly: Golden Arrow Selected Stocks Fund)	Equity	27%	30.9%	65.6%	2,481,141	2,266,799	1,658,225	1,498,449	1,731,803	66.54%	75.82%	-9.3%
4	AKD Opportunity Fund	Equity	8%	28.7%	29.3%	745,006	815,387	610,555	575,968	633,454	43.30%	75.82%	-32.5%
5	AKD Aggressive Income Fund (Formerly: AKD Income Fund)	Aggressive Fixed Income	9%	17.5%	19.4%	828,630	789,058	724,676	693,931	671,388	18.21%	15.79%	2.4%
6	AKD Index Tracker Fund	Index Tracker	13%	90.1%	80.0%	1,224,493	1,173,394	823,506	680,297	617,190	70.81%	75.82%	-5.0%
7	AKD Islamic Stock Fund	Shariah Compliant Equity	5%	133.0%	116.9%	418,375	445,756	229,212	192,862	191,283	64.47%	63.23%	1.2%
8	AKD Islamic Daily Dividend Fund	Shariah Compliant Money Market	2%	-68.5%	-57.6%	221,643	218,525	532,733	522,889	694,236	15.99%	10.13%	5.9%
Sum/Average:			100%	21.2%	26.7%	9,291,426	9,751,775	7,526,088	7,335,379	8,045,249			

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.

<p>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'.</p>	<p>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</p>	<p>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.</p>	<p>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.</p>	<p>Harmonization A change in rating due to revision in applicable methodology or underlying scale.</p>
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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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(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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