

## RATING REPORT

### Pak Oman Asset Management Company Limited

**REPORT DATE:**

June 24, 2015

**RATING ANALYSTS:**

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#### RATING DETAILS

	Latest Rating	Previous Rating
<b>Management Quality</b>	AM4+	AM4+
<b>Rating Date</b>	Jun 11, 2015	Jun 3, 2015
<b>Rating Outlook</b>	Positive	Stable
<b>Outlook Date</b>	Jun 11, 2015	Jun 3, 2015

#### COMPANY INFORMATION

**Incorporated in 2006**

**Chairman of the Board:** H.E. Yahya Bin Said Bin Abdullah Al-Jabri

**Unlisted Public Limited Company**

**Chief Executive Officer (Acting):** Mr. Awais Masood

**Key Shareholders (with stake 5% or more):**

Pak Oman Investment Company Limited–  
95.66%

#### APPLICABLE METHODOLOGY(IES)

Mutual Fund Rating - December 2006 (<http://jcrvis.com.pk/Images/MutualFundsRevised2.pdf>)

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## **Pak Oman Asset Management Company Limited**

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### OVERVIEW OF THE INSTITUTION

Pak Oman Asset Management Company Limited was incorporated in Pakistan on July 28, 2006 as an unlisted public limited company and is licensed to undertake asset management and investment advisory services JCR-VIS

### RATING RATIONALE

The rating revision incorporates recent equity injection from sponsoring institution, subsequent to which Pak Oman Asset Management Company Limited (Pak-Oman) has become compliant with Minimum Capital Requirement (MCR) of Rs. 230m. The equity injection reflects positively on the sponsor's long-term commitment with the company. Subsequent to equity injection, Pak Oman Investment Company Limited has become the largest shareholder of the company with the remaining shareholders having stakes below 5%.

Over the past year, the company's operations remained dull as majority of senior management positions in the company remained vacant. Asset under Management (AUMs) (excluding closed end fund), primarily comprising related party holdings, stood at around Rs. 410 as of end-May 2015. In addition the company is also managing a closed-end fund of Rs. 900m which is expected to be terminated within June 2015.

Subsequent to equity injection, a business plan has been formulated, while company is also in the process of filling vacancies in the management team. Mr. Awais Masood has been designated as the acting CEO; he was previously managing the Internal Audit Department at the Company. Going forward, materialization of envisaged plan will continue to be tracked by JCR-VIS on a timeline basis.

**Pak Oman Asset Management Company Limited**

<b>FINANCIAL SUMMARY</b>			<b>Appendix I</b>
<b><u>PAK OMAN ADVANTAGE ASSET ALLOCATION FUND</u></b>	<b>FY15<sup>1</sup></b>	<b>FY14</b>	<b>FY13</b>
Fund Size (in Rs. millions)	111.01	101.41	144.72
Return (%)	9.45	8.74	31.82
Benchmark (%)	9.95	25.49	31.06
Retail Proportion (% of Net assets)	-	0.05	0.77
Ranking Against Peers	9/12	10/12	3/11
<b><u>PAK OMAN ISLAMIC ASSET ALLOCATION FUND</u></b>	<b>FY15<sup>1</sup></b>	<b>FY14</b>	<b>FY13</b>
Fund Size (in Rs. millions)	117.98	106.72	136.02
Return (%)	10.80	17.32	20.45
Benchmark (%)	10.37	18.21	30.49
Retail Proportion (% of Net assets)	-	0.27	4.13
Ranking Against Peers	4/5	4/6	4/4
<b><u>PAK OMAN ADVANTAGE ISLAMIC INCOME FUND</u></b>	<b>FY15<sup>1</sup></b>	<b>FY14</b>	<b>FY13</b>
Fund Size (in Rs. millions)	76.08	147.01	299.72
Return (%)	5.26	3.43	7.34
Benchmark (%)	6.65	6.54	6.57
Retail Proportion (% of Net assets)	-	8.39	26.68
Ranking Against Peers	13/13	13/13	11/12
<b><u>PAK OMAN GOVERNMENT SECURITIES FUND</u></b>	<b>FY15<sup>1</sup></b>	<b>FY14</b>	<b>FY13</b>
Fund Size (in Rs. millions)	105.49	47.65	271.12
Return (%)	9.88	7.08	9.22
Benchmark (%)	8.28	8.67	8.67
Retail Proportion (% of Net assets)	-	4.82	30.26
Ranking Against Peers	7/7	7/7	6/6

<sup>1</sup> YTD as of May 2015

**RATING SCALE & DEFINITIONS**

**Appendix II**

**MANAGEMENT QUALITY RATINGS**

**AM1:** Highest Management Quality  
**AM2+, AM2, AM2-:** High Management Quality  
**AM3+, AM3, AM3-:** Good Management Quality  
**AM4+, AM4, AM4-:** Adequate Management Quality  
**AM5+, AM5, AM5-:** Weak Management Quality  
*For companies undertaking Investment Advisory Services only, the Management Quality Rating Scale is appended with the suffix 'IA' to distinguish it from other Management Quality Ratings outstanding by JCR-VIS.*  
*For companies undertaking REIT Management Services only, the Management Quality Rating Scale is appended with the suffix 'RMC' to distinguish it from other Management Quality Ratings outstanding by JCR-VIS.*

**Rating Watch:** JCR-VIS places entities and issues on 'Rating Watch' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). Refer to our 'Criteria for Rating Watch' for details. [www.jcrvis.com.pk/images/criteria\\_watch.pdf](http://www.jcrvis.com.pk/images/criteria_watch.pdf)

**Rating Outlooks:** The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details. [www.jcrvis.com.pk/images/criteria\\_outlook.pdf](http://www.jcrvis.com.pk/images/criteria_outlook.pdf)

**FUND PERFORMANCE RANKINGS**

**MFR 5-Star** (top 10%) Very good performance  
**MFR 4-Star** (next 22.5%) Good performance  
**MFR 3-Star** (next 35%) Average performance  
**MFR 2-Star** (next 22.5%) Below average performance  
**MFR 1-Star** (last 10%) Weak performance

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

**FUND STABILITY RATINGS**

**AAA(f)**  
 Highest degree of stability in Net Asset Value; Risk is negligible with very low sensitivity to changing economic conditions.

**AA+(f), AA(f), AA-(f)**  
 High degree of stability in Net Asset Value; Risk is modest but may vary slightly from time to time because of changing economic conditions.

**A+(f), A(f), A-(f)**  
 Moderate degree of stability in Net Asset Value; Risk factors may vary with possible changes in the economy.

**BBB+(f), BBB(f), BBB-(f)**  
 Adequate degree of stability in Net Asset Value; Risk factors are considered variable if changes occur in the economy.

**BB+(f), BB(f), BB-(f)**  
 Low degree of stability in Net Asset Value; Risk factors are sensitive to changes in the economy.

**B(f)**  
 Very low degree of stability in Net Asset Value; Risk factors are capable of fluctuating widely if changes occur in the economy.

*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.*

*While no outlook is assigned to the fund stability rating, the same may be placed under 'Rating Watch' if JCR-VIS views that the status of the assigned rating is uncertain and there are conditions present that necessitate reevaluation of the assigned rating. JCR-VIS also designates direction, Positive, Negative or Developing, to ratings placed under 'Rating Watch'. This shows JCR-VIS's opinion regarding the likely direction of a rating. Developments in factors other than those that necessitated the 'Rating Watch' may result in a rating change, while the rating continues to be placed under 'Rating Watch'.*

## JCR-VIS Credit Rating Company Limited Rating Report

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

REGULATORY DISCLOSURES		Appendix III			
<b>Name of Rated Entity</b>	Pak Oman Asset Management Company Limited				
<b>Sector</b>	Mutual Fund				
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	Management Quality Rating				
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Outlook</b>	<b>Short Term</b>	<b>Rating Action</b>
	<b>RATING TYPE: Management Quality</b>				
	11-Jun-15	AM4+	Positive		Maintained
	6-Mar-15	AM4+	Stable		Downgrade
	31-Dec-14	AM3-	Rating Watch - Developing		Rating Watch - Developing
	15-Jul-13	AM3-			Rating Watch - Developing
	04-Apr-13	AM3-	Negative		Downgrade
	06-Jul-12	AM3	Negative		Maintained
	26-May-11	AM3	Stable		Reaffirmed
	26-Feb-10	AM3	Stable		Downgrade
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	JCR-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.				
<b>Probability of Default</b>	JCR-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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