

**Date**

27-Dec-22

**Analyst**

Muhammad Azmat Shaheen  
azmat.shaheen@pacra.com  
+92-42-35869504  
www.pacra.com

**Applicable Criteria**

- Assessment Framework | Asset Manager Rating | Jun-22
- Methodology | Rating Modifiers | Jun-22

**Related Research**

- Sector Study | Asset Managers | Jun-22

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**PACRA Upgrades Asset Manager Rating of JS Investments Limited**

Rating Type	Asset Manager	
	Current (27-Dec-22 )	Previous (06-Aug-22 )
<b>Action</b>	Upgrade	Maintain
<b>AM Rating</b>	AM2+	AM2
<b>Outlook</b>	Stable	Positive
<b>Rating Watch</b>	-	-

The assigned rating reflects elevated positioning of JS Investments Limited (“JSIL” or the “Company”) in the competitive asset management industry. The rating incorporates sound governance framework, experienced management team, adequate investment decision-making process, and satisfactory control infrastructure. The research and investment functions of the company are considered adequate. The AUMs of JSIL enhanced to around PKR 38bln including PKR 700mln AUMs of REIT Fund as on end-Nov’22 (Jun’22: PKR 27.6bln) mainly due to significant growth in JS Cash Fund and launch of new Income category funds. Consequently, the market share elevated to 2.7% as on Nov’22 (Jun’22: 2.2%). JSIL has an adequate fund slate to cater to the needs of conventional and Shariah-focused clientele. The Company launched JS Government Securities Fund in Jul’22. The overall performance of funds remained above average. The Shariah Compliant Income and Money Market and Conventional Money Market comfortably exceeded both the industry average and benchmarks. Furthermore, during CY22 the Company expanded its product slate by launching JS Momentum Factor Exchange Traded Fund, JS Microfinance Sector Fund and JS Rental REIT Scheme.

On the financial side, the management fee of JSIL has reported PKR 121.3mln for 9MCY22 (9MCY21: PKR 119.9mln). The Company successfully managed to achieve breakeven during 3 months ended Oct’22 and is expected to show healthy growth going forward. The equity stood at PKR 1.3bln at end-Sep’22, which is well above the minimum capital requirement of PKR 230mln. On the digital side, JS Bank’s App “Zindagi” has also supported the Company to engrave its footprints in digitalization. Furthermore, the Company is in process of digital onboarding process for new clients. The rating incorporates the Company’s association with JS Bank Limited and potential synergies due to established presence of JS Group in the financial sector.

The rating is dependent on the management’s ability to effectively execute business development plans and leveraging its digital initiatives to strengthen its operations and outreach. Sustaining above average fund performance, increasing market share and further strengthening investment process remains key rating factors.

**About the Entity**

JSIL, established in 1995, is listed on the Pakistan Stock Exchange. The Company is part of the Jahangir Siddiqui (JS) Group. JS Bank Limited holds ~85% shareholding in the Company. JS Group has strong presence in the financial sector with entities operating in banking, insurance, brokerage, and asset management sectors. The group has recently ventured into energy infrastructure and OMC segments. JSIL possesses licenses for Asset Management, Investment Advisory, Private Equity/Venture Capital and REIT management.

JSIL’s control vests in eight-member board of directors including the CEO. There are two independent directors while all other directors except the CEO are non-executive. Assets under management of the Company are spread across fourteen funds in eleven different Conventional and Shariah Compliant Categories, two voluntary pension schemes, one Exchange Traded Fund and one dedicated equity fund. JSIL launched one REIT fund and signed LOI for a Venture Capital fund as well.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA’s comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security’s market price or suitability for a particular investor.