

Our Methodology

SIMAH Rating Agency (TASSNIEF), will display the highest level of transparency in communicating its ratings to the marketplace, so that investors can be provided with the details of TASSNIEF's ratings approach, opinions and analyses.

TASSNIEF's ratings for an asset management company is an independent opinion on the relative investment and operational strength of the company. This methodology evaluates the quality of the developed process and management capabilities of an AMC to manage potential vulnerabilities to investment management framework and operational challenges. TASSNIEF' S rating for an AMC differs from a traditional credit rating which provides an opinion on the underlying entity's ability to fulfill the financial commitments.

Moreover, TASSNIEF's' rating methodology is built on a simplified sequential approach, in which it leads to the Counterparty Rating of an Asset Management Company.

TASSNIEF's long-term rating go hand in hand with an outlook, in which the direction can be positive, negative or stable. In addition, TASSNIEF allows itself to place any rating on watch based on a specific event.

Rating Process

Once TASSNIEF is appointed as the rating agency and the contract is signed, the client shall submit all required information and documents. In addition, TASSNIEF rating team will meet with the client's management and external auditor to better assess the management capabilities of the company from a rating perspective.

Afterwards, TASSNIEF's analytical team will start its analysis and presents the outcome to its rating Committee for deliberation. Therefore, there is no person solely responsible for a rating; instead our rating exercise is rather a collective work of TASSNIEF's experienced team, which is validated in the Saudi context.

TASSNIEF will also provide the client with the opportunity to appeal on the assigned rating for a second review, depending on the circumstances.

Subject to the final approval of the client, the Rating Report will be distributed at the discretion of the client.



Asset Management Companies Rating Framework

Standalone Rating Factors

Structural Factors 15%

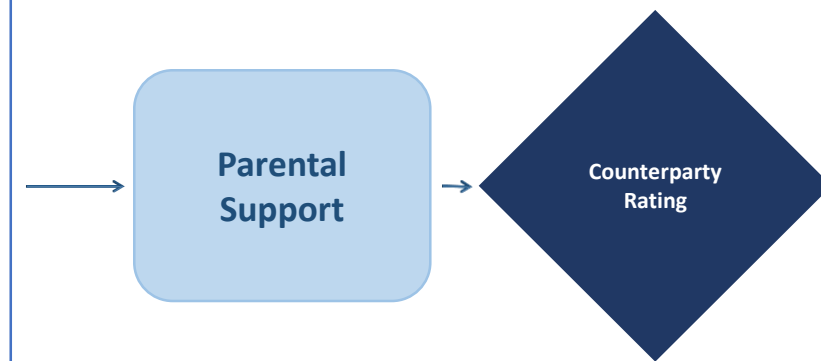
- Macroeconomic Environment
- Operating Environment
- Regulatory Environment

Qualitative Factors 50%

- Business Profile
- Governance and management
- Portfolio Management
- Risk Management
- IT Infrastructure & Investor services
- Compliance & Internal Audit

Quantitative Factors 35%

- Investment Performance
- Financial Soundness



Rating Scale & Definitions

AM1	Governance and management practices of the asset manager to be of the highest standards.
AM2	Governance and management practices of the asset manager to be of the highest standards.
AM3	Governance and management practices of the asset manager to be of average standards.
AM4	Governance and management practices of the asset manager to be of low standards.
AM5	Governance and management practices of the asset manager to be weak.

Key Definitions

Long-term rating is an opinion on the investment and operational strength of an AMC.

Modifiers are « ++ » and « + » signs that adds more granularity in the ordinal credit classification.

outlook is an indication of the direction of the rating over the medium term. The outlook can be Positive, Negative or Stable.

Watch indicates that a rating is under review for possible change based on specific event.