



## RATING ACTION COMMENTARY

# Fitch Affirms Wafa Gestion at 'Excellent(mar)'

Wed 09 Dec, 2020 - 12:24 PM ET

Fitch Ratings - London - 09 Dec 2020: Fitch Ratings has affirmed Wafa Gestion's National Investment Management Quality Rating (IMQR) at 'Excellent(mar)', with a Stable Outlook.

## KEY RATING DRIVERS

The affirmation is driven by the broad stability of the asset manager since the last rating action in September 2019. The rating reflects a leading, well-staffed asset manager, with firmly established and disciplined investment processes. The rating also factors in a robust operational platform, with a rigorous compliance and control environment. Investment performance has remained consistent despite market stress due to the pandemic. Wafa Gestion benefits from support provided by its shareholders - Attijariwafa Bank (BB/Stable/B) and Amundi (A+/Stable/F1).

Wafa Gestion's 'Excellent (mar)' rating is based on the following (unchanged) category scores:

Investment Process: Excellent

Investment Resources: Excellent

Risk Management: Excellent

## Investment Performance: Consistent

## Company and Client Servicing: Excellent

### 'Excellent' Investment Process

Fitch views Wafa Gestion's investment processes as clear, well-designed and being implemented in a disciplined manner. Wafa Gestion primarily deploys benchmark-oriented fixed-income strategies. Its investment process features a combination of primarily proprietary top-down and bottom-up fundamental research inputs. The process results in internal ratings for each issuer, which are updated annually. Investment decision-making and portfolio-monitoring are formalised in committees. A model portfolio drives portfolio construction, emphasising the diversification of sources of performance within a well-defined risk framework.

### 'Excellent' Investment Resources

Wafa Gestion maintains experienced and well-staffed teams throughout the organisation. It has the largest team among Fitch-rated Moroccan asset managers, with 13 investment professionals as of end-June 2020, including nine portfolio managers covering 90 funds and mandates in total. Staff specialisation has been increasing, in line with the assets under management (AUM) of the firm, particularly in equities and multi-assets. Wafa Gestion's staff base includes a trading desk and a research team. There has been no turnover in 2020. Some new positions remain open due to recruitment difficulties amid the pandemic.

The current IT platform is largely built around Manar, a local third-party system, allowing timely and effective access to portfolios and trade information. Manar is regularly updated with new functionalities. In 2020 Wafa Gestion upgraded its database. The company also enhanced connectivity with third-party data providers and investors by upgrading its reporting capabilities, and allowing customisable reports for investors. Wafa Gestion continues to work on a customer relationship management system and is exploring applications of artificial intelligence.

### 'Excellent' Risk Management

Wafa Gestion's control framework has been strengthened over the past two years, demonstrating solid international practices such as a recently developed liquidity-stress testing tool. It has implemented new stress tests and control metrics in its systems to assess the number of days required to liquidate the analysed fund, in its entirety and during

a stressed period. The influence of risk-and-control functions over the business has been growing, following increasing demands from clients. Market, credit and liquidity risks are closely monitored based on weekly data. Wafa Gestion also creates reporting on both market and liquidity risks with specific metrics. Pre-trade controls, constraints modelling and exposure limits are incorporated in Manar with escalation procedures if needed. Some constraints are variable and can be implemented by the risk manager if needed.

### 'Consistent' Investment Performance

Wafa Gestion has consistently delivered on its investment objectives. Fitch assesses investment performance based on AUM's weighted indicators, which will be affected by the asset class distribution of different investment managers and do not readily account for strategy differences within individual asset classes. On a nominal basis, 54% of Wafa Gestion's AUM had outperformed peers' over the last three years to end-October 2020, based on ASFIM (the Moroccan asset management industry association) data. On a risk-adjusted basis (using the Sharpe ratio, a risk-adjusted measure of performance), 72% of Wafa Gestion's AUM has a better Sharpe ratio than peers' over the same period, based on Lipper for Investment Management data.

### 'Excellent' Company and Client Servicing

Wafa Gestion has a long track record as the largest investment manager in Morocco. The market share of Wafa Gestion has been constant over the five past years, at approximately 25% as of end-September 2020. AUM growth of around 7% per year (on average) since 2015 has slightly been slower than the Moroccan market's growth of about 9% per year. Distribution relies largely on the banking network of Attijariwafa Bank, and to a lesser extent, Credit du Maroc. Wafa Gestion benefits from the support of highly-rated shareholders.

## **INVESTMENT MANAGER**

Created in 1995 Wafa Gestion is now the largest asset manager in Morocco (MAD121 billion AUM as at end-November 2020). As of end-September 2020, fixed-Income represented 84% of Wafa Gestion's AUM, in line with the Moroccan market. Wafa Gestion benefits from the support provided by its main shareholder, Attijariwafa Bank, representing 66% of capital, and from Amundi, which owns the remainder.

## RATING SENSITIVITIES

Factors that may, individually or collectively, result in negative rating action/downgrade:

The rating may be downgraded on material adverse changes to any of the aforementioned rating drivers, notably through weakened financial conditions, heightened staff turnover or deterioration of processes or risk-adjusted performance.

Factors that may, individually or collectively, result in positive rating action/upgrade:

The rating is at the highest on Fitch's rating scale and therefore cannot be upgraded.

## RATING ACTIONS

ENTITY/DEBT	RATING		PRIOR
Wafa Gestion	National IMQR	Excellent(mar) Rating Outlook Stable	Excellent(mar) Rating Outlook Stable
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## **APPLICABLE CRITERIA**

[Investment Management Quality Ratings \(Assessing Active, Passive & Alternative Investment Managers, Strategies & Funds\) \(pub. 25 Feb 2020\)](#)

## **ADDITIONAL DISCLOSURES**

[Solicitation Status](#)

[Endorsement Policy](#)

## **ENDORSEMENT STATUS**

Wafa Gestion

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