



## RATING ACTION COMMENTARY

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

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Fitch Ratings - London - 18 Jan 2022: Fitch Ratings has affirmed Wafa Gestion's National Investment Management Quality Rating (IMQR) rating 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 December 2020. The rating reflects a leading, well-staffed asset manager, with firmly established and disciplined investment process and resources. The rating also factors in a robust operational platform, with a rigorous compliance-and-control system. Wafa Gestion benefits from support from 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: 'Proficient'

Company and Client Servicing: 'Excellent'

## Investment Process: 'Excellent'

In Fitch's view Wafa Gestion's investment process are clear, well-designed and 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 research team has been reinforced with a new data analyst, which will enable the team to develop quantitative research-and-scenario analysis. 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. Wafa Gestion is working on implementing ESG as part of its investment process.

## Investment Resources: 'Excellent'

Wafa Gestion has experienced and well-staffed teams across the organisation. It has the largest team among Fitch-rated Moroccan asset managers, with 13 investment professionals at end-2021, covering 94 funds and mandates in total. The research team is composed of three individuals, in line with peers'. Wafa Gestion's chief risk officer left in March 2021 and was replaced within the year.

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 2021 some physical servers were replaced by virtual servers. By end-2022, all its servers will be virtual. Wafa Gestion is migrating its database in order to be able to transfer and exploit data more swiftly. The migration is being managed by an external provider and Wafa Gestion has good connectivity with third-party data providers. Wafa Gestion continues to work on a customer-relationship management system.

## Risk Management: 'Excellent'

Wafa Gestion's control framework has been stable in the past one year. Controls and stress tests have remained in place in 2021. Internal stress tests are approved by the regulator. Over the past year, Wafa Gestion has been focused on improving its compliance system. New implementations and updates will be made in 2022, in line with the arrival of the new chief risk officer. Market, credit and liquidity risks are closely monitored based on weekly data. Some risk limits of the funds have been automated and a new alert system is in place; the constraints-and-limits module will be the focus of the new CRO. The procedural manual has been redesigned, which will integrate the risk map with all the controls in place.

## Company and Client Servicing: 'Excellent'

Wafa Gestion has a long record as the largest investment manager in Morocco, with MAD148 billion of assets under management (AUM) at end-November 2021. The market share of Wafa Gestion has been constant over the five past years at around 25%. According to the Association des Sociétés de Gestion & Fonds d'Investissement, its average AUM growth of around 7% per year since 2016 has been slightly slower than the Moroccan market's growth of about 9%. 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.

Wafa Gestion is becoming more digital and allows customisable reports for investors. It plans to create a dedicated website for certain investors, subject to demand, with the possibility to subscribe to funds directly from a dedicated platform.

## Investment Performance: 'Proficient'

Wafa Gestion has consistently delivered on its investment objectives, thus meeting investor expectations. Investment performance is therefore a neutral factor in Fitch's rating analysis.

## INVESTMENT MANAGER

Created in 1995, Wafa Gestion is now the largest asset manager in Morocco. As of end-November 2021, fixed-income represented 80% of Wafa Gestion's AUM, slightly lower than peers'. Wafa Gestion benefits from the support provided by its main shareholder, Attijariwafa Bank, representing 66% of capital, and from Amundi, who owns the remainder.

## RATING SENSITIVITIES

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

-The rating may be sensitive to upcoming risk-management regulation. Higher regulatory standards may lead to a strengthening of the risk-management process. Fitch's analysis considers practices relative both to regulation and to best practice in the local and international markets. Achievement of minimum regulatory standards, even if raised from current standards, typically does not lead to higher scores. Instead, higher scores are associated with practices exceeding minimum regulatory standards. Therefore, if risk-management structures and practices are not strengthened materially beyond new regulatory standards then Fitch may downgrade the score for risk management. This would reflect a re-calibration of Fitch's view to newly implemented

risk-management standards. Given risk management carries a high weight in Fitch's analysis, changes to the risk-management score could affect the overall rating.

-A material adverse deviation from Fitch guidelines for any key rating drivers could cause the rating to be downgraded.

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

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

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
Wafa Gestion	National IMQR	Excellent(mar) R Outlook Stable
	Excellent(mar) Rating Outlook Stable	
	Affirmed	

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[Investment Management Quality Ratings Criteria \(Assessing Active, Passive & Alternative Investment Managers, Strategies & Funds\) \(pub. 22 Feb 2021\)](#)

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Wafa Gestion

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