

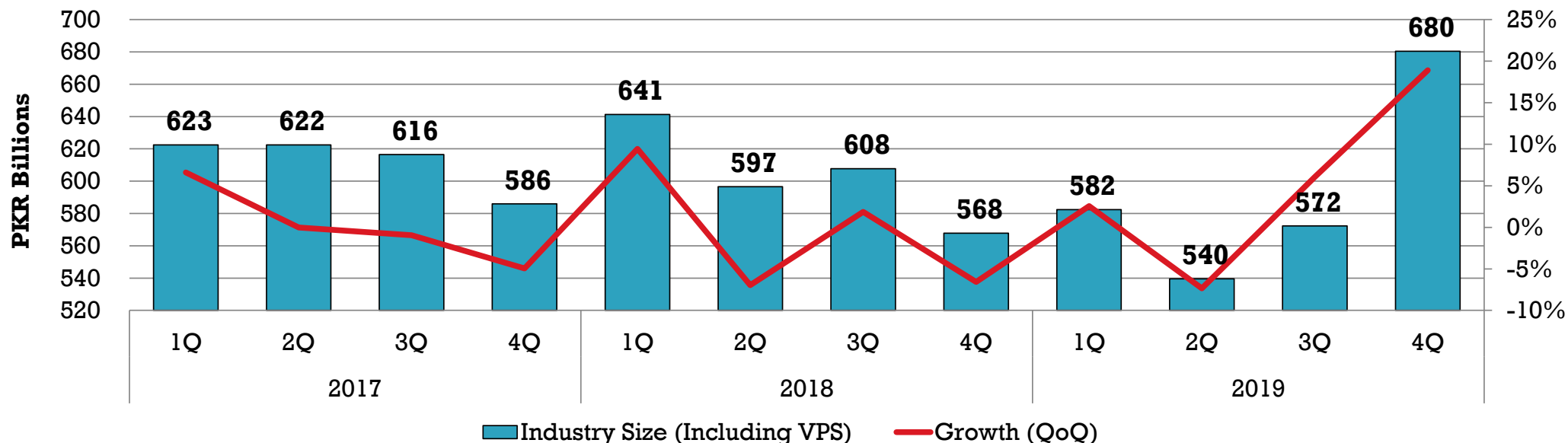
ASSET MANAGEMENT COMPANIES

February, 2020



Local Industry Landscape

Industry Size On Quarterly Basis, 2017 - 2019



- Total industry's Assets Under Management (AUMs) have grown at a Compound Annual Growth Rate (CAGR) of ~9.4% over the past five years (2014-19). During the same period, AUMs cumulative growth in conventional segment was reported at ~13.8% while Shariah compliant segment AUMs grew by ~5.8%.
- After peaking during 1Q'18, AUMs have witnessed a declining trend due to sluggish equity market performance. Weak macroeconomics and political uncertainty in the country was the primary reason for downturn.
- At end-December 2019, total AUMs increased to Rs. 680b (2018: Rs. 568b; 2017: Rs. 586b) while registering a year-on-year growth rate of 16.8%.
- Mutual fund industry overtime has witnessed some consolidation with 76 funds being managed by 29 AMC's in 2007 while at present only 19 AMC's are managing 276 funds.

Market Share Of All AMCs (As at December 2019)

AMC	Open End (PKR Billions)	VPS (PKR Billions)	Total (PKR Billions)	No. of Funds	Market Share	Rank by Market Share
Al-Meezan	113.0	10.3	123.3	28	18.1%	1
NBP	107.0	4.8	111.8	37	16.4%	2
NIT	74.2	0.8	75.0	6	11.0%	3
UBL-FM	56.9	5.9	62.8	36	9.2%	4
MCB-AH	55.5	2.8	58.3	16	8.6%	5
ABL	52.1	0.5	52.6	23	7.7%	6
HBL	46.0	0.8	46.8	25	6.9%	7
Alfalah Inv	41.6	0.3	41.9	22	6.2%	8
Atlas AM	28.3	2.6	30.9	11	4.5%	9
Lakson Inv	20.5	-	20.5	6	3.0%	10
JS Inv	19.5	0.9	20.3	22	3.0%	11
Faysal Funds	15.8	-	15.8	14	2.3%	12
Habib	7.0	-	7.0	6	1.0%	13
AKD	5.4	-	5.4	7	0.8%	14
Pak Oman	4.3	-	4.3	8	0.6%	15
AWT Inv	2.7	-	2.7	5	0.4%	16
Dawood	0.6	-	0.6	1	0.1%	17
BMA	0.3	-	0.3	2	0.0%	18
First Capital	0.1	-	0.1	1	0.0%	19
Total	650.8	29.7	680.5	276	100.0%	

Local Industry Statistics

Segregation Of AUMs Into Shariah Compliant & Conventional AUMs

Nature of Funds	2019			2018			2017		
	AUMs (PKR Billions)	Share	No. of Funds	AUMs (PKR Billions)	Share	No. of Funds	AUMs (PKR Billions)	Share	No. of Funds
Conventional Funds	424.7	62%	132	362.2	64%	121	337.0	59%	112
Islamic Funds	255.7	38%	144	204.2	36%	135	230.5	41%	111
Grand Total	680.5	100%	276	566.4	100%	256	567.4	100%	223

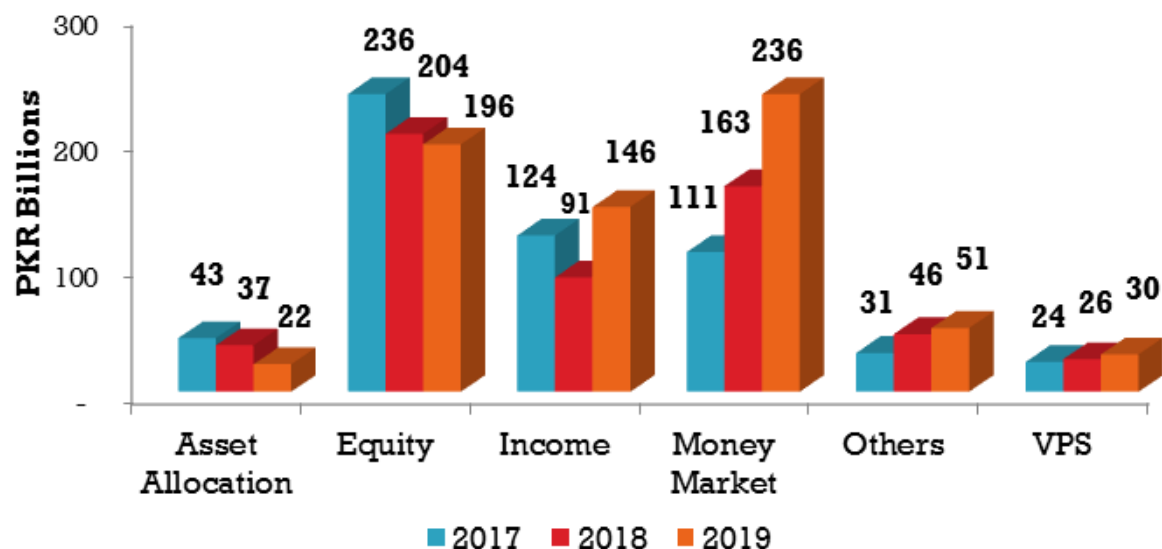
- In the recent years, many AMC's have initiated offering diversified products in Shariah compliant segment. As a result, number of Shariah compliant funds in the industry has grown substantially from 51 funds in 2014 to 114 funds in 2019.
- At end-2019, top 5 funds comprised 26% (2018: 28%; 2017: 29%) of industry's open-end AUMs.

Top 10 Funds By AUM Size (At December 2019)

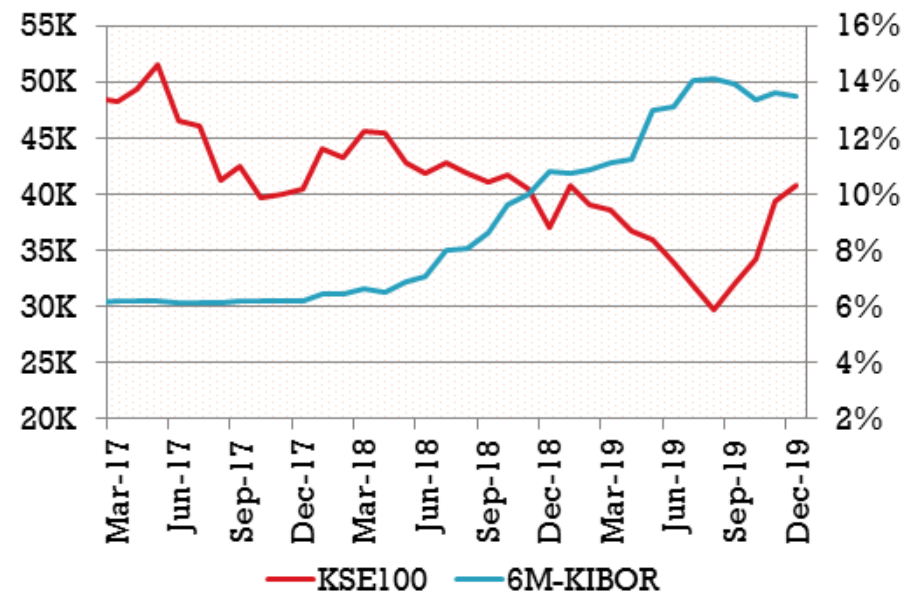
Funds	Type of Fund	AUMs (PKR Billions)	365 Days Return	Share
National Investment Unit Trust	Equity Fund	58.3	3.5%	9%
Meezan Rozana Amdani Fund	Islamic Money Market	32	11.5%	5%
Meezan Islamic Fund	Islamic Equity	29.7	3.9%	5%
NBP Money Market Fund	Money Market	24.5	11.9%	4%
ABL Cash Fund	Money Market	23.4	11.9%	4%
Meezan Islamic Income Fund	Islamic Income	21.4	10.8%	3%
Alfalah GHP Money Market Fund	Money Market	21.3	11.9%	3%
MCB Cash Management Optimizer	Money Market	20.3	11.8%	3%
NBP Islamic Mahana Amdani Fund	Islamic Income	16.8	11.7%	3%
NBP Stock Fund	Equity	15.2	8.9%	2%
Top 10 funds		262.9		40%
Total Open-end Funds AUMs		650.8		100%

Local Industry Statistics

Fund-Wise Constitution of AUMs



3-Year Trend B/W KSE-100 & KIBOR Rate



2017 – 2018

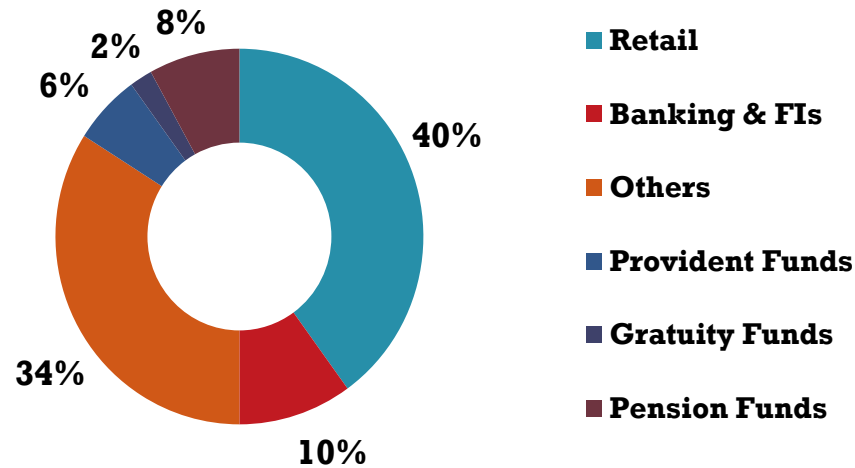
- Political uncertainty prior to 2018 general elections, rising current account deficit & declining reserves, slow-down in GDP growth along with negative equity returns resulted in decline in AUMs.
- Given the economic slowdown and due to increasing interest rates, shift in AUM composition was witnessed towards money market funds in 2018.

2018 – 2019

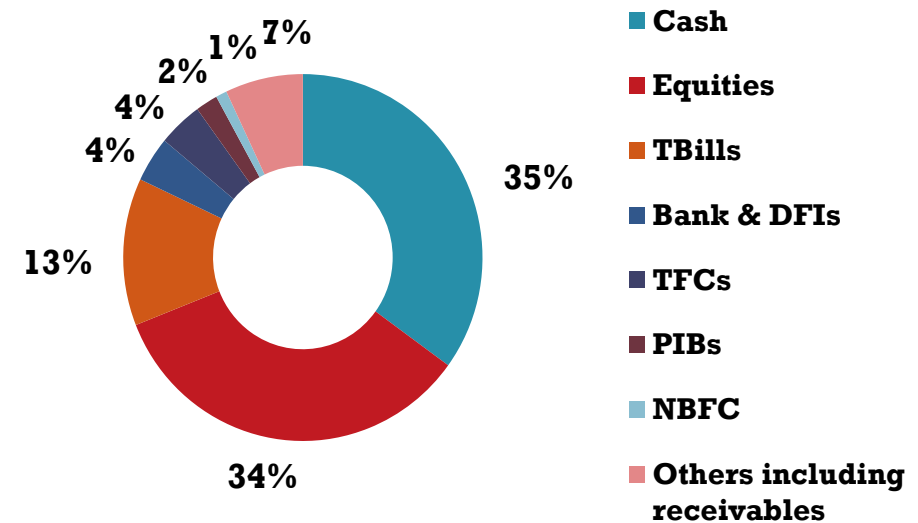
- Money market funds continued to be the preferred mode for investors; however increase was also witnessed in income fund allocation given anticipation that interest rates have peaked.
- Proportion of equities in total AUMs have declined on a timeline basis from 40.2% at end-2017 to 28.8% at end-2019, however, some increase has been witnessed in in last quarter of 2019 due to rebound in benchmark index.

Local Industry Statistics

AUMs Profile – At Nov'19



AUMs Investment Classification – At Nov'19



- Institutional clients remain the primary source of investment in mutual funds in Pakistan; however, share of retail investors in overall AUMs has been gradually increasing over a period of time. Percentage share of retail investors has increased by ~12% in five years period; standing at ~40% (end-Dec'14: 28%) at end-Nov'19. However, concentration in retail AUMs remains high.
- Given low penetration level in retail sector, product innovation and use of technology has remained the two prime focus areas of mutual fund industry in recent years. Details of the same are as follows:
 - Launch of insurance based collective investment scheme and funds launched (including daily dividend based funds) to take advantage of tax arbitrage.
 - Launch of theme based funds (energy and financial sector funds) and other types of funds such as REIT and Private capital venture funds.
 - Shift from sales based model to digitization is well received by numerous asset managers and the efforts are underway

FUNDS' RELATIVE RANKINGS (RR)

AT DECEMBER 2019

CONVENTIONAL FUNDS

Equity (Absolute Return)

Fund Name	365 Days Return (%)	RR
HBL Equity Fund	13.86	1/24
ABL Stock Fund	13.27	2/24
HBL Stock Fund	12.44	3/24
UBL Stock Advantage Fund	12.14	4/24
HBL Growth Fund–Class B	12.09	5/24
HBL Investment Fund–Class B	11.94	6/24
Alfalah GHP Stock Fund	11.84	7/24
Alfalah GHP Alpha Fund	11.78	8/24
Atlas Stock Market Fund	11.24	9/24
AWT Stock Fund	9.13	10/24
NBP Stock Fund	8.92	11/24
MCB Pakistan Stock Market Fund	8.22	12/24
First Habib Stock Fund	7.11	13/24
JS Growth Fund	6.66	14/24
First Capital Mutual Fund	5.75	15/24
HBL Growth Fund–Class A	3.70	16/24
HBL Investment Fund–Class A	3.56	17/24
National Investment Unit Trust	3.52	18/24
Faysal Stock Fund	2.32	19/24
Lakson Equity Fund	2.08	20/24
JS Large Cap Fund	(0.83)	21/24
JS Value Fund	(2.42)	22/24
AKD Opportunity Fund	(2.99)	23/24
Golden Arrow Stock Fund	(9.39)	24/24

Money Market (Management Fee Adjusted Return)

Fund Name	365 Days Return (%)	RR
Alfalah GHP Cash Fund	12.81	1/20
JS Cash Fund	12.77	2/20
ABL Cash Fund	12.71	3/20
NBP Money Market Fund	12.61	4/20
Alfalah GHP Money Market Fund	12.51	5/20
Atlas Money Market Fund	12.45	6/20
MCB Cash Management Optimizer	12.33	7/20
HBL Cash Fund	12.33	8/20
NIT Money Market Fund	12.26	8/20
Faysal Money Market Fund	12.24	10/20
First Habib Cash Fund	12.24	11/20
Lakson Money Market Fund	12.24	11/20
Askari Sovereign Cash Fund	12.2	13/20
UBL Liquidity Plus Fund	12.2	14/20
NBP Government Securities Liquid Fund	12.04	15/20
HBL Money Market Fund	11.97	16/20
UBL Money Market Fund	11.83	17/20
BMA Empress Cash Fund	11.53	18/20
AKD Cash Fund	11.41	19/20
Pakistan Cash Management Fund	10.64	20/20

Income (Annualized Return)

Fund Name	365 Days Return (%)	RR
AWT Income Fund	13.63	1/20
Dawood Income Fund	13.14	2/20
Faysal Financial Sector Opportunity Fund	12.44	3/20
NBP Financial Sector Income Fund	12.23	4/20
Faysal MTS Fund	12.12	5/20
Atlas Income Fund	11.85	6/20
NBP Mahana Amdani Fund	11.80	7/20
NBP Savings Fund	11.71	8/20
UBL Income Opportunity Fund (UIOF)	11.70	9/20
Lakson Income Fund	11.34	10/20
NBP Income Opportunity Fund	11.26	11/20
Pakistan Income Fund	11.26	11/20
Alfalah GHP Income Fund	11.04	13/20
ABL Income Fund	10.88	14/20
HBL Income Fund	10.76	15/20
First Habib Income Fund	10.50	16/20
Faysal Savings Growth Fund	10.41	17/20
MCB DCF Income Fund	10.34	18/20
JS Income Fund	10.09	19/20
NIT – Income Fund	8.64	20/20

Aggressive Fixed Income (Annualized Return)

Fund Name	365 Days Return (%)	RR
Pakistan Income Enhancement Fund	11.00	1/7
Alfalah GHP Income Multiplier Fund	10.69	2/7
AKD Aggressive Income Fund	10.51	3/7
BMA Chundrigar Road Savings Fund	10.35	4/7
UBL Growth & Income Fund	10.21	5/7
Faysal Income & Growth Fund	10.06	6/7
Askari High Yield Scheme	6.07	7/7

Asset Allocation (Absolute Return)

Fund Name	365 Days Return (%)	RR
Allied Finergy Fund	15.87	1/11
NBP Sarmaya Izafa Fund	12.73	2/11
Alfalah GHP Value Fund	12.00	3/11
UBL Asset Allocation Fund	11.91	4/11
MCB Pakistan Asset Allocation Fund	8.09	5/11
AWT Asset Allocation Fund	7.66	6/11
Lakson Tactical Fund	6.31	7/11
Askari Asset Allocation Fund	3.67	8/11
Pak Oman Advantage Asset Allocation Fund	3.00	9/11
Faysal Asset Allocation Fund	1.59	10/11
First Habib Asset Allocation Fund	(5.23)	11/11

Government Securities and Sovereign Fund (Absolute Return)

Fund Name	365 Days Return (%)	RR
NBP Government Securities Savings Fund	13.80	1/10
MCB Pakistan Sovereign Fund	13.22	2/10
Atlas Sovereign Fund	12.49	3/10
HBL Government Securities Fund	12.07	4/10
NIT – Government Bond Fund	11.83	5/10
ABL Government Securities Fund	11.41	6/10
Alfalah GHP Sovereign Fund	10.95	7/10
UBL Government Securities Fund	10.65	8/10
Askari Sovereign Yield Enhancer	9.92	9/10
Pak Oman Government Securities Fund	9.49	10/10

Balanced (Absolute Return)

Fund Name	365 Days Return (%)	RR
HBL Multi Asset Fund	12.78	1/5
NBP Balanced Fund	11.97	2/5
Pakistan Capital Market Fund	8.82	3/5
Unit Trust of Pakistan	5.26	4/5
First Dawood Mutual Fund	(9.57)	5/5

SHARIAH
COMPLIANT
FUNDS

Shariah Compliant Equity (Absolute Return)

Fund Name	365 Days Return (%)	RR
AWT Islamic Stock Fund	13.18	1/15
ABL Islamic Stock Fund	10.40	2/15
Atlas Islamic Stock Fund	10.30	3/15
HBL Islamic Equity Fund	9.87	4/15
Al Ameen Shariah Stock Fund	9.52	5/15
HBL Islamic Stock Fund	8.72	6/15
Alfalah GHP Islamic Stock Fund	8.36	7/15
Alhamra Islamic Stock Fund	7.42	8/15
NBP Islamic Stock Fund	7.37	9/15
NIT Islamic Equity Fund	7.20	10/15
Al Meezan Mutual Fund	4.45	11/15
Meezan Islamic Fund	3.92	12/15
First Habib Islamic Stock Fund	3.16	13/15
JS Islamic Fund	0.52	14/15
AKD Islamic Stock Fund	(9.24)	15/15

Shariah Complain Income (Annualized Return)

Fund Name	365 Days Return (%)	RR
NBP Islamic Mahana Amdani Fund	11.73	1/20
ABL Islamic Income Fund	11.65	2/20
Atlas Islamic Income Fund	11.45	3/20
Alhamra Daily Dividend Fund	11.27	4/20
NBP Riba Free Savings Fund	11.26	5/20
JS Islamic Income Fund	11.15	6/20
AKD Islamic Income Fund	11.10	7/20
NBP Islamic Savings Fund	11.05	8/20
Alhamra Islamic Income Fund	11.00	9/20
Alfalah GHP Islamic Income Fund	10.87	10/20
Meezan Islamic Income Fund	10.83	11/20
NIT Islamic Income Fund	10.71	12/20
Meezan Sovereign Fund	10.44	13/20
Faysal Islamic Savings Growth Fund	10.38	14/20
HBL Islamic Income Fund	10.22	15/20
Al Ameen Islamic Sovereign Fund	10.19	16/20
First Habib Islamic Income Fund	10.12	17/20
AWT Islamic Income Fund	9.83	18/20
NBP Active Allocation Riba Free Savings Fund	9.79	19/20
Pak Oman Advantage Islamic Income Fund	8.10	20/20

Shariah Compliant Money Market (Management Fee Adjusted Return)

Fund Name	365 Days Return (%)	RR
HBL Islamic Money Market Fund	12.01	1/5
Al Ameen Islamic Cash Fund	11.9	2/5
Meezan Rozana Amdani Fund	11.75	3/5
NBP Islamic Money Market Fund	11.44	4/5
Meezan Cash Fund	11.07	5/5

Shariah Compliant Asset Allocation (Absolute Return)

Fund Name	365 Days Return (%)	RR
NBP Islamic Regular Income Fund	13.20	1/12
NBP Islamic Sarmaya Izafa Fund	10.81	2/12
Alhamra Islamic Asset Allocation Fund	9.83	3/12
HBL Islamic Asset Allocation Fund	9.53	4/12
Al Ameen Islamic Asset Allocation Fund	9.17	5/12
ABL Islamic Asset Allocation Fund	8.59	6/12
Meezan Asset Allocation Fund	7.56	7/12
Alfalah GHP Islamic Value Fund	6.42	8/12
Lakson Islamic Tactical Fund	3.76	9/12
Pak Oman Islamic Asset Allocation Fund	3.63	10/12
Faysal Islamic Asset Allocation Fund	0.47	11/12
Dawood Islamic Fund	0.28	12/12

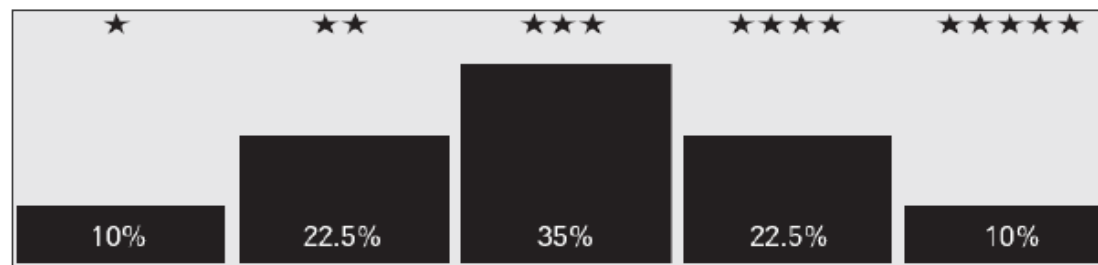
**STAR RANKINGS (SR)
OF
EQUITY FUNDS
(CONVENTIONAL & ISLAMIC)
1-Year, 3-Years & 5-Years**

Star Rankings Explained

- Star Rankings are based on a quantitative model, comparing historical risk adjusted returns of funds investing in largely the same asset class. Given that investors worry more about losses, VIS emphasizes downside risk when calculating risk adjusted returns

Ranking Horizon	Weights
1-year	100% 1-year ranking
3-year	50% 3-year ranking
	30% 2-year ranking
	20% 1-year ranking
5-year	50% 5-year ranking
	30% 3-year ranking
	20% 1-year ranking

- VIS rankings are assigned as per the distribution below:



- Top 10 and bottom 10 percentiles of the overall scores are assigned rankings of MFR-5(s) and MFR-1(s) respectively, while the middle 35 percentile is assigned MFR-3(s) rank. The remaining 22.5 percent on the upper and lower side are assigned MFR-4(s) and MFR-2(s) rank, respectively.
- A minimum performance history of 1 year is required for funds to become eligible for ranking.
- For large equity category, the fund size should be greater than Rs. 1 billion

Equity – Conventional (Large)

Fund Name	1-Year	3-Years	5-Years
ABL Stock Fund	5	3	3
HBL Stock Fund	5	4	2
Alfalah GHP Stock Fund	4	3	3
Alfalah GHP Alpha Fund	4	3	3
UBL Stock Advantage Fund	4	5	4
HBL Growth Fund-Class B (Formerly PICIC Growth Fund)	3	-	-
HBL Investment Fund-Class B (Formerly PICIC Investment Fund)	3	-	-
Atlas Stock Market Fund	3	5	4
NBP Stock Fund (Formerly: NAFA Stock Fund)	3	3	5
MCB Pakistan Stock Market Fund	3	4	5
JS Growth Fund	3	1	1
HBL Growth Fund-Class A (Formerly PICIC Growth Fund)	2	-	-
HBL Investment Fund-Class A (Formerly PICIC Investment Fund)	1	-	-
National Investment Unit Trust	2	2	2
Lakson Equity Fund	2	2	1
AKD Opportunity Fund	1	1	3

Equity – Conventional (Small)

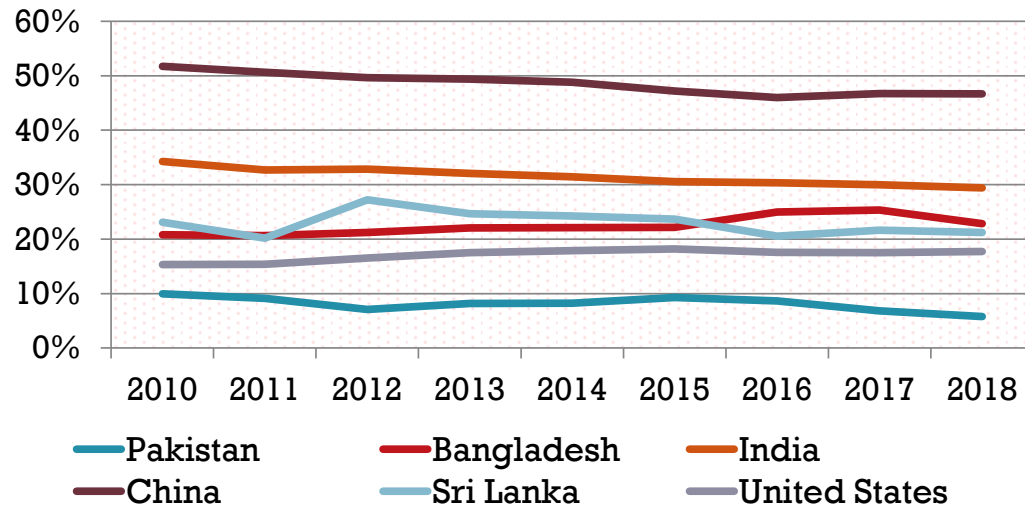
Fund Name	1-Year	3-Years	5-Years
AWT Stock Fund (Formerly: PIML Value Equity Fund)	3	2	-
Faysal Stock Fund	2	2	2
First Capital Mutual Fund	3	1	1
First Habib Stock Fund	3	4	3
HBL Energy Fund	3	3	3
HBL Equity Fund	4	5	5
NBP Financial Sector Fund (Formerly: NAFA Financial Sector Fund)	5	-	-
JS Large Cap Fund	2	4	4
JS Value Fund	1	3	3
UBL Financial Sector Fund	4	-	-

Equity – Islamic

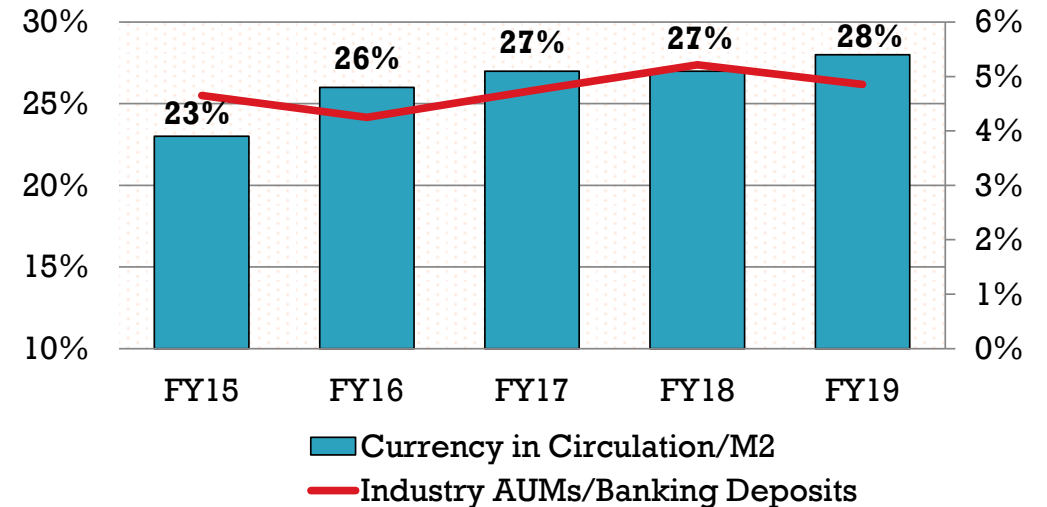
Fund Name	1-Year	3-Years	5-Years
ABL Islamic Stock Fund	5	4	4
AKD Islamic Stock Fund	1	-	-
Alfalah GHP Islamic Stock Fund	4	3	5
Atlas Islamic Stock Fund	4	5	5
AWT Islamic Stock Fund (Formerly: PIML Islamic Equity Fund)	5	3	2
First Habib Islamic Stock Fund	2	3	1
HBL Islamic Equity Fund	4	4	3
HBL Islamic Stock Fund	3	3	1
JS Islamic Fund	2	3	3
Alhamra Islamic Stock Fund (Formerly: MCB Pakistan Islamic Stock Fund)	3	4	3
Al Meezan Mutual Fund	3	2	2
Meezan Energy Fund	1	1	-
Meezan Islamic Fund	2	1	3
NBP Islamic Energy Fund (Formerly: NAFA Islamic Energy Fund)	2	2	-
NBP Islamic Stock Fund (Formerly: NAFA Islamic Stock Fund)	3	3	-
NIT Islamic Equity Fund	3	2	-
Al Ameen Shariah Stock Fund	4	5	4

Key Challenges Faced By Industry

Gross Domestic Savings (% of GDP)

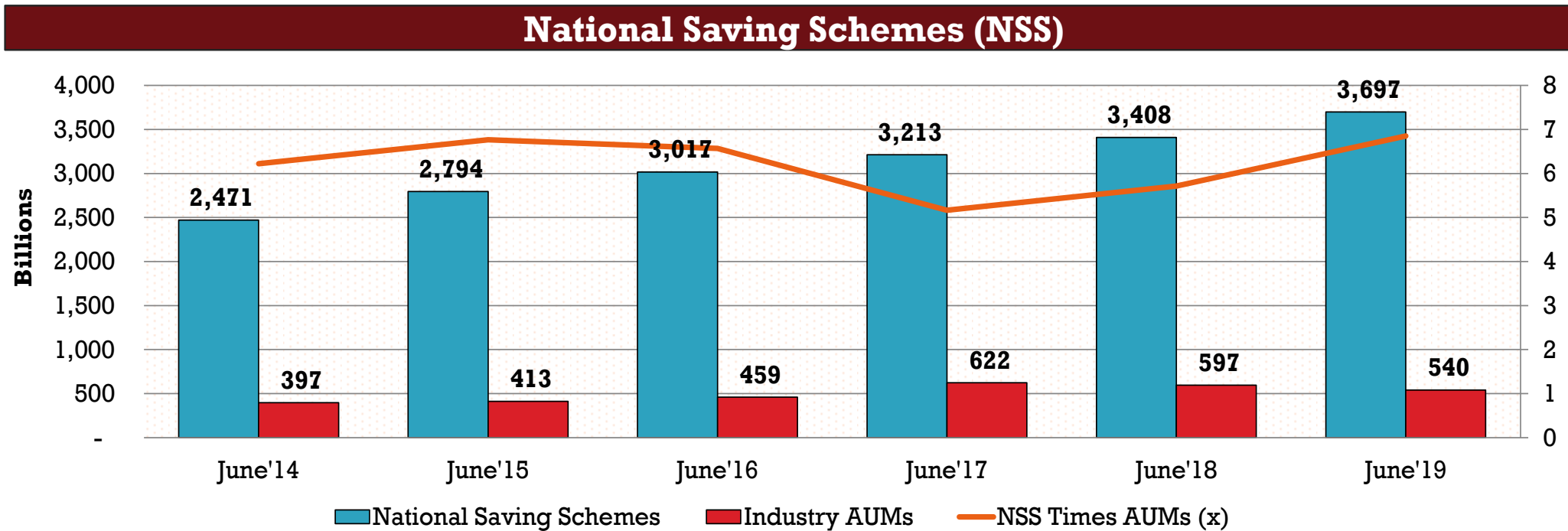


Low Penetration Levels



- Pakistan's high informal economy has remained one of key challenges which over the time has adversely affected industry ability to lure the investments in mutual funds or formal channels.
- Gross domestic savings to GDP ratio has consistently remained below 10% over the last decade which is lowest in the region.
- Industry AUMs have remained below 5% of total banking sector deposits in Pakistan, 2% of GDP or 6%-7% of market capitalization. This signifies a vast untapped market and considerable potential for growth in AUMs. In comparison, India's mutual fund industry is \$328 billion in size which is 14% of GDP and 20% of market cap, whereas in United States mutual funds aggregate about \$19 trillion, 70% of GDP, and 25% of market cap.
- In order to increase customer base, AMC's are increasingly focusing on:
 - Enhanced alignment with Parent Banks in order to leverage branch network and customer base
 - Increased utilization of digital marketing platforms for targeted marketing
- On the compliance front, ensuring timely adherence to KYC/AML regulations and implementing employee trading policy remains a challenge

Key Challenges Faced By Industry



- Investment in National Saving Schemes (NSS) currently stands at Rs. 4.03 trillion with an investor base of more than seven million. CAGR, over the past five fiscal years (June'14 - June'19), was reported at ~8.4%. There are total 376 National Saving Centers spread across Pakistan.
- NSS investment represent around 7 times of mutual fund industry AUMs. Higher returns offered on NSS along with lax KYC/AML regulations by government hinder the growth of mutual fund industry.
- Going forward, the government through Ministry of Finance (MoF) has decided to implement AML/KYC framework on NSS investors which is expected to facilitate in the growth of mutual fund industry.

Sources

- Mutual fund association of Pakistan (MUFAP) – Monthly Fact Sheet (Nov' 19)
- PSX data portal
- World Bank national accounts data, and OECD National Accounts data files.
- Calling out currency in circulation – Article in BR Research
- Policymakers, regulators must enhance effectiveness of mutual fund industry - Article in The News
- SBP – Economic data

Analysts Contacts

[Muhammad Tabish](#)

Assistant Manager
muhammad.tabish@vis.com.pk

[Jahanzaib Alvi](#)

Assistant Manager
jahanzaib.alvi@vis.com.pk