

# Editor's Note



## Mr. Zulfiqar Azam, Editor, MUFAP Yearbook

It gives me immense pleasure to present the MUFAP Yearbook for the year 2013.

The Financial Year 2012-2013 has been an eventful year for the financial industry in general and the mutual funds in particular. The year began with prevalent economic, political and social issues and ended by witnessing the first ever transition of power smoothly. This marked the first time in the history of Pakistan that one civilian government has seen out of the full term and handed power to another civilian government through process of elections.

The new government of Mian Nawaz Sharif assumed power on June 5, 2013 and within a week unveiled its first budget for the year 2013-14. In the budget they tried to tackle the economic and energy mess the country is facing with ambitious moves on revenue expansion, expenditure cuts and populist incentives for the youth and business. One should hope the new government fulfill the promises they have made in the budget and take the country towards a prosperous and bright future. One of the main objectives in the budget was to increase tax revenue but while trying to achieve that, the Finance Bill introduced few provisions which have led to double taxation and therefore are detrimental to the investors in mutual funds and pension

funds. These are generally viewed not to be conducive for our industry in any case.

MUFAP's professional committees studied the Finance Bill provisions and came out with our concerns. This had been submitted in a proposal to SECP and Ministry of Finance for their consideration. MUFAP sincerely hopes that our proposal will be considered for the benefit of the industry and economy.

During the year twelve new funds were launched in nine different categories. Four different funds merged to form two funds as of June 30, 2013. Four closed-end funds have been converted to open-end, one was winded down and the remaining closed-end funds will either convert to open-end or wind-up their funds with the passage of time as per the SECP's Regulation 65. One new AMC was established and one closed down. On the regulatory front, the SECP published a report on the reform of NBF Sector for public comments. Implementation of the reforms is yet to be initiated by the SECP. SECP also introduced Regulations to allow fund managers to offer Commodity mutual funds and Commodity Sub-Fund (in VPS) to its investors and permitted investment in commodities as an asset class, in the Asset Allocation and Balanced funds. Draft Bond Pricing Agency Regulations have been among the other highlights of SECP's initiative towards the mutual funds industry.

MUFAP is actively involved in making the industry activities, issues and performances available to its stakeholders in a timely manner and the yearbook is one of the medium. This is the fourth consecutive Yearbook being released by MUFAP. This publication is a combined effort of our members who have contributed through articles and by providing information relating to their funds.

I would like to thank Mr. Rehan Shaikh, Chairman MUFAP, our Chief Executive Officer Ms Mashmooma Majeed, Board of Directors and my colleagues at MUFAP for their ongoing support and guidance.