

Editor's Note

We are pleased to present the Tenth publication of MUFAP Yearbook for the Financial Year 2019.

The assets under management (AUMs) for the mutual funds industry decreased from PKR 610 bn as on June 30, 2018 to PKR 540 bn as on June 30, 2019. During the year, 37 new open-end mutual funds were launched while 4 funds matured. As on June 30, 2019, there were 19 Asset Management Companies managing 290 funds including open-end, closed-end funds and Voluntary Pension Schemes. Equity funds (both Conventional and Shariah Compliant) dominated the AUMs of the industry with the largest share of the mutual fund industry at PKR 168 bn amounting to a market share of 31%. Money Market funds (both Conventional and Shariah Compliant) at PKR 162 bn held the second largest industry share at 30%, followed by Income Funds (both Conventional and Shariah Compliant) at PKR 94 bn with industry share of 17%.



Pakistan's domestic politics and a weak macroeconomic landscape dominated over FY19. GDP growth of the country slowed down to 3.3% in FY19 from 5.5% last year. Steep devaluation in the PKR of 32% contributed to a sharp increase in interest rates to 13.25% or an increase in 750bps over the year. Both these changes helped stabilize the external account position as the current account deficit as a percentage of GDP stood at 4.8% compared to 6.3% in FY18 as the weak PKR reduced imports and boosted overall export competitiveness. However, the tightened monetary conditions slowed down manufacturing considerably as large scale manufacturing (LSM) depicted a contraction of 3.6% YoY during FY19, which was mostly led by contraction in consumer and related industries such as automobiles, steel and cement. This coupled with mediocre services and agricultural growth led to the overall dip in real GDP growth for FY19 to 3.3%. The KSE-100 index closed FY19 with a negative return for the second consecutive year with a decline of 19%. The performance of the outgoing fiscal year is in stark contrast to the last 10-Yr performance of the benchmark index, which has depicted an average positive return of 19%. The stock market has mirrored the economic landscape and sentiment in the country. Further, rising interest rates provided a safe haven for investors in government papers as the preferred asset class. Going forward, Index performance will depend on stabilization of the economy post the IMF program and an overall topping out of interest rates should mark the bottom in the medium term. Long term, valuations, earnings growth and a resumption in upward economic activity would be key drivers of Index performance.

MUFAP held a launch event for its Annual Yearbook 2018 on March 11, 2019 in a well-attended event. MUFAP started publishing its annual Yearbook from the year 2010 and over the years, the Yearbook has significantly enhanced its quality and information and has established itself as reliable source of information about the industry statistics and developments in the mutual funds and private pension industry.

We would like to thank Chairman Mr. Farid Ahmed Khan, Chief Executive Ms. Mashmooma Zehra Majeed, Board of Directors and colleagues at MUFAP, for their ongoing support and guidance and colleagues in member AMCs for their continued support without which quality publication wouldn't have been possible.

Shiraz Ahmed and Quratulain Ali
Editorial Team

