Editor's Note

I am pleased to present the sixth publication of MUFAP Yearbook for the year 2015.

The outgoing year FY 2015 left historical imprints on economic development. The Executive Board of the International Monetary Fund (IMF) on June 26, 2015 completed its 7^{th} review for Pakistan's economic performance. The Deputy Managing Director commended Pakistan's progress towards macroeconomic stabilization. He remained positive about the resolution of macroeconomic imbalances issues in coming years. The economic indicators remained quite supportive of his statement. Inflation rate remarkably hit 11 years' low rate of 2.1 percent YOY in April 15, leading to average CPI inflation of 4.53 percent in FY 2015 as compared to 8.62 percent in the same period previous year. The policy rate decelerated at 7 percent which was lowest in last 42 years, grading by international rating agencies improved, historical agreement with Chinese Government on China Pak Economic Corridor (CPEC), successful reviews with IMF and issuance of Ijara Sukuk Bond after a period of 9 year were few milestones which have been achieved in FY 2014-15.

The financial year 2014-2015 remained challenging for the Mutual Funds Industry. The assets under management slightly increased from PKR 416 billion on June 30, 2014 to PKR 443 billion as on June 30, 2015. The economic growth remained broad based. According to provisional estimates the GDP growth during 2014-15 remained at 4.24 percent as compared to last year's revised estimates of 4.03 percent. The total investment to GDP during FY 2014-15 improved at 15.1 percent (Provisional Estimate) as compared to last year revised 14.9 percent during current fiscal year. Savings improved to 14.5 percent of the GDP as compared to revised rate of savings to GDP of 13.7 percent. During the year, 14 new open-end funds and 4 pension funds were launched up to June 30, 2015. Equity funds (both Conventional and Shariah Compliant) once again dominated the AUM of the industry with the largest share i.e. 41.19 percent. Income funds (both Conventional and Shariah Compliant) held the second largest market share i.e.23.61 percent, followed by Money Market funds (both Conventional and Shariah Compliant) with market share of 18.65 percent.

Among different taxation matters, workers' welfare fund has remained an important one. MUFAP has consistently been emphasizing and protecting its view over non applicability of WWF on Mutual Funds. MUFAP earlier challenged the levy of WWF that it cannot be imposed on them as they do not have any workers, and they are being operated by Asset Management Companies. Through the amendments in the Finance Act 2015, Mutual Funds, Collective Investment Schemes and REIT Schemes have been excluded from the definition of 'industrial establishment' subject to Workers' Welfare Fund (WWF) under the Workers' Welfare Fund Ordinance, 1971 (WWFO).

On the regulatory front, SECP introduced amendments in NBFC regulations 2008 in November 2015. The commission had earlier invited feedback and suggestions from all stakeholders including general public. MUFAP shared their views on proposed changes in the regulation and their implication on the industry. MUFAP's team succeeded in convincing the SECP officials on many of its recommended suggestions.

MUFAP has been proactively involved in bringing transparency and good governance in the industry and we hope to continue this process with great vigor.

I would like to thank Mr. Mohammad Shoaib, Chairman MUFAP and Ms. Mashmooma Majeed, CEO MUFAP, our Board of Directors and my colleagues at MUFAP, especially Mr. Shiraz Ahmed, for their ongoing support and commitment.

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Editor, MUFAP Yearbook