

## Editor's Note

I am pleased to present the Ninth publication of MUFAP Yearbook for the Financial Year 2018.

The assets under management (AUMs) for the mutual funds industry decreased from PKR 622 bn as on June 30, 2017 to PKR 610 bn as of June 30, 2018. During the year, 38 new open-end mutual funds were launched while 13 funds completed their terms and matured. As at June 30, 2018, there were 19 Asset Management Companies managing 259 funds including open-end, closed-end funds and Voluntary Pension Schemes. Among the three categories,

investors parked the biggest sum in open-end funds at PKR 563.99 bn, followed by PKR 26.13 bn in pension funds and PKR 19.62 bn in closed-end funds. The biggest inflows were seen in the Money Market Funds, while the biggest outflows were seen in the Income Funds. Equity funds (both Conventional and Shariah Compliant) dominated the AUMs of the industry with the largest share of the mutual fund industry at PKR 231 bn amounting to a market share of 38%. Money Market funds (both Conventional and Shariah Compliant) at PKR 131 bn held the second largest industry share at 21%, followed by Income Funds (both Conventional and Shariah Compliant) at PKR 89 bn with industry share of 15%.

This year also saw the return of the Capital Protected and CPPI based funds as the SECP re-allowed AMCs to launch CPPI funds during the year and the uncertainty in the capital markets led investors to opt for less risky investment avenues. 14 new Constant Proportion Portfolio Insurance (CPPI) funds were launched raising 16 bn in this category, in both Conventional and Shariah Compliant funds. Overall, the industry witnessed net sales of PKR 32 bn mostly in the Fixed Income/ Money Market and Fund of Funds (CPPI) categories. Equity and Equity based categories saw net outflows over the year as the stock market remained volatile.

To encourage the AMCs to expand their distribution network, SECP issued a circular allowing selling and marketing expenses to be charged to all categories of funds (except money market funds and fund of funds) and at all branches in all cities. The AMCs number of branches and sales teams have increased as a result. The SECP also allowed charging of sales load in both mutual funds and VPS for walk-in clients as well as online or through its website. This move again would incentivize the sales teams to actively promote mutual funds and VPS.

MUFAP has been proactively involved in bringing transparency and good governance in the industry and we hope to continue this process with great vigor. MUFAP's team is working to create the MUFAP website more user friendly by including more comprehensive information. We are adding a search option so an investor can calculate returns based on their dates. For investors' convenience, details of sales employees and single AMC distributors have been added on MUFAP's website.

I would like to thank Chairman Mr. Yasir Qadri, 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.

Editor

Shiraz Ahmed

