

Sixth Sense Update

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Industry Update: Money Market Funds are 40% of Industry AUM

The asset management industry in Pakistan has benefitted from a 22% increase CYTD and a 2% MoM increase in Aug11. The largest category, money market funds witnessed a 4% MoM rise in assets under management in Aug11 to PKR94.3bn. A new fund introduced in Aug11 was UBL Government Securities Fund with an AUM of PKR1.2bn. Income funds, which were the largest fund category in CY10 fell to second place in 3QFY11 and to third place in 4QFY11; AUM stood at PKR48.6bn in Aug11. Likewise Equity Funds declined from PKR48.2bn in Jul11 to PKR45.2bn in Aug11, losing its position as the second largest category to Income Funds.

Diversion of investor confidence from funds with corporate debt to funds with majority investments in government securities seems to be an ongoing phenomenon. Even though Income Funds increased in size by a marginal 2% in Aug11, it should be noted that this increase can almost entirely be attributed to the introduction of UBL's Government Security fund. The Islamic income fund category continued to benefit from inflows of investment, increasing 3% in Aug11. This increase is largely attributed to continued inflows in MEEZAN SF, which witnessed a PKR507mn increase in size in Aug11.

Amongst the top ten asset managers, MEEZAN AMC witnessed the largest growth in AUM during the month of August rising by 9% from PKR26.8bn in Jul11 to PKR29.3bn in Aug11. The largest decline in Assets under Management was exhibited by JS at 11% MoM from PKR8.4bn in Jul11 to PKR7.5bn in Aug11.

AMC AUM Analysis

S.#	Fund Manager	AUM (PKR mn)			
		Aug-11	Jul-11	MoM %	CYTD %
1	NIT	39,254	41,546	-6%	-6%
2	UBL Funds	30,698	28,628	7%	47%
3	AHI	29,401	28,962	2%	140%
4	Meezan	29,293	26,801	9%	28%
5	ABL	21,426	21,618	-1%	79%
6	NAFA	18,292	18,505	-1%	25%
7	HBL	10,972	10,414	5%	111%
8	ASKARI	10,054	9,294	8%	143%
9	JS	7,467	8,397	-11%	-20%
10	FAYSAL	7,089	7,302	-3%	-15%
11	Others	32,394	31,344	3%	-23%
Total		236,340	232,811	2%	22%

AUM do not include Close-end and Pension Funds

Money Market Funds posted the largest increase in AUM of 55% from PKR49.0bn in Dec10 to PKR77.3bn in Jun11. All most al funds in this category

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Money Market Funds posted 4% rise in AUM from PKR90.5bn in Jul11 to PKR94.3bn in Aug11. 11 out of the 17 funds witnessed increases in AUM MoM with MCB CMOP, UBL LPF, HBL MMF and IGI MMF benefitting from the largest PKR inflows in Aug11 of PKR1.05bn, PKR0.82bn, PKR0.62bn and PKR0.57bn respectively.

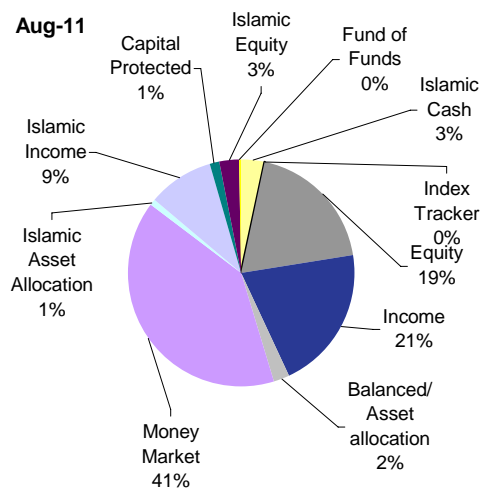
Islamic Money Market Fund AUM increased MoM by 9% to PKR7.6bn in Aug11. The rise is entirely attributed to the 12% rise in the AUM of MEEZAN CF in Aug11.

Income Fund rose by 2% from PKR47.5bn in Jul11 to PKR48.6bn in Aug11. Even though Income Funds increased in size by a marginal 2% in Aug11, it should be noted that this increase has been witnessed in funds with very little allocation to TFC.

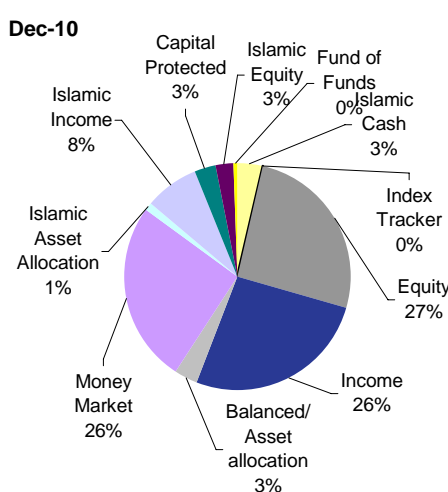
Islamic Income Fund AUM rose by 3% from PKR21.5bn in Jul11 to PKR22.3bn in Aug11. This rise was largely attributed to inflows in MEEZAN SF which started in 4QCY10. With AUM of PKR1.2bn in Oct10, Meezan SF had a size of PKR14bn in Aug11.

Equity Fund AUM fell by 6% to PKR45.2bn in Aug11 from PKR48.2bn in Jul11. Individual Equity Funds posted similar changes in AUM, ranging between -17% to 4% MoM.

Aug11 AUM by Category



Dec10 AUM by Category



Number of Funds

Fund Category	Aug11	Dec10
Islamic Money Market	3	2
Index Tracker	3	3
Equity	18	18
Income	31	29
Balanced & Asset Allocation	13	13
Money Market	17	16
Islamic Asset Allocation	8	7
Islamic Income	13	12
Capital Protected	8	9
Islamic Equity	5	3
Fund of Funds	1	1
Total	120	113

Source: Sixth Sense Research