

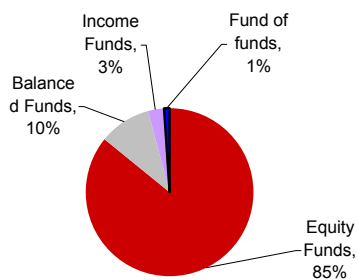
## Fund Watch

### Closed-End Funds

Sara Khurshid

sara.khurshid@bmacapital.com

#### Industry View of Nov09



Source: BMA Research

## Closed-End Funds: November 09 Review

### AUMs decline by 3.4% MoM to PKR32bn

As of November 30 2009, the Assets under Management (AUMs) for Close-end funds stood at PKR31.8bn, a decline of 3.4% from Oct09. Balanced funds were most affected, posting a decline of 8.5% MoM while Equity Funds and Fund of Funds dipped by 2.9% and 2.5% respectively. Income Funds posted an AUM growth of 1.0% MoM.

#### AUMs in Fund Categories over respective periods

Category	Assets Under Management PKRbn					
	Nov09	Oct09	Aug09	May09	Feb09	Nov08
Equity	27.10	27.92	26.83	22.74	17.70	26.59
Balanced	3.33	3.64	3.47	3.18	2.64	3.74
Income	1.05	1.04	1.11	1.09	1.01	1.06
FOF	0.37	0.38	0.32	0.29	0.24	0.38

Source: BMA Research

Market capitalization for the sector stood at PKR16.8bn as of previous month close, declining by 9.2% MoM while close-end fund sector index underperformed KSE100 by 6% over the month.

Picic Growth Fund (PGF), the largest close-end fund in the industry, closed the month at an AUM of PKR7.6bn and market capitalization of PKR4.0bn, reflecting 47% discount to its NAV. Namco Balanced Fund (NBF), the best price performer over the month, appreciated by 28% as it recorded the largest MoM NAV return of 5.4% (amongst the equity, balanced and fund of funds categories). First Dawood Mutual Fund (FDMF) was the worst price performer during Nov09 recording a decline of 25% MoM. Refer to table 1.1 and 1.2 for price and NAV performances.

### Investment Allocation: Equity exposure trimmed to 70% as of Sep09

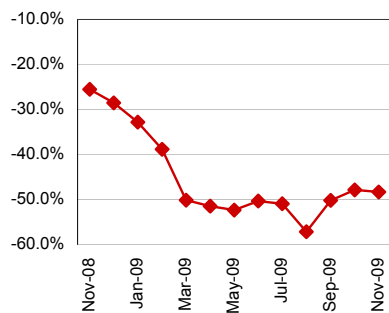
According to latest reported figures (Sep09), equity allocation of Close-end funds declined to 70% from 82% in Jun09. During the quarter, fixed income and cash positions showed respective allocations of 7% and 23% as compared to 7% and 11% in Jun09. Refer to table 2 for detailed breakup.

HUBCO, PSO and POL were the top three invested scrips while E&P, Power and Commercial Banking sectors remained prime investment avenues in Sep09.

### Discount to NAV widens to 48%

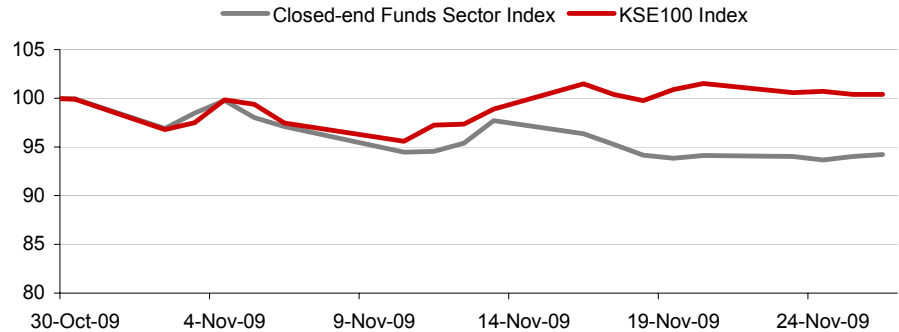
Close-end funds traded at an average discount of 48.3% over Nov09 compared to 47.9% in Oct09. The sector still offers attractive discounts to NAV making it an attractive investment avenue for investors seeking to take exposure to capital markets. Refer to table 4 for respective fund discount to NAVs.

#### Avg. monthly discount to NAV



Source: BMA Research

**Closed-End Funds Sector Index performance versus KSE100**



Source: BMA Research

**DATA TABLES**

**Table 1.1: Closed-End Funds Price Returns over respective periods as at Nov09**

	Price Returns					
	1 Month	3 Month	6 Month	9 Month	12 Month	FY10 TD
NBF	28.3%	28.0%	75.3%	16.8%	-32.3%	35.6%
JSGF	6.1%	27.3%	30.8%	99.2%	-28.6%	35.6%
MBF	3.1%	44.0%	53.8%	90.3%	22.5%	25.1%
JSLCF	2.0%	15.9%	67.2%	96.2%	-7.3%	64.0%
ASFL	0.0%	26.2%	-43.5%	-70.3%	-70.3%	-55.9%
ATFF	-0.3%	-3.0%	20.7%	75.0%	-41.7%	16.7%
PGF	-1.2%	31.5%	72.4%	123.8%	6.9%	90.5%
AMMF	-3.0%	28.9%	45.5%	104.3%	2.7%	38.3%
PIF	-4.2%	21.2%	51.2%	126.0%	2.8%	61.9%
JSVFL	-6.8%	45.9%	42.9%	81.1%	-29.2%	55.1%
PEF	-7.7%	11.4%	17.6%	129.0%	18.9%	17.6%
GASF	-9.0%	26.7%	23.1%	53.5%	-30.1%	34.5%
SFWF	-11.3%	-27.5%	-51.7%	-63.8%	-63.1%	-56.2%
PPFL	-12.3%	20.0%	50.8%	103.6%	-5.9%	39.0%
PSAF	-13.5%	12.2%	26.5%	84.4%	-21.4%	21.0%
CPMFI	-18.8%	36.0%	35.4%	100.6%	-60.2%	36.6%
FDMF	-24.9%	-19.7%	-11.0%	6.9%	-63.0%	-6.5%

Source: BMA Research

**Table 1.2: Closed-End Funds NAV returns over respective periods as at Nov09**

	NAV Returns					
	1 Month	3 Month	6 Month	9 Month	12 Month	FY10 TD
NBF	5.4%	11.3%	25.3%	47.5%	10.9%	28.1%
PPFL	2.1%	9.0%	29.7%	58.4%	13.1%	28.3%
PEF	1.8%	-0.3%	21.8%	74.1%	36.7%	17.6%
AMMF	1.7%	7.1%	28.4%	71.1%	21.6%	29.6%
MBF	1.2%	4.2%	17.8%	46.5%	33.5%	18.1%
ASFL	0.8%	13.6%	30.2%	64.8%	14.1%	36.4%
PSAF	0.7%	3.2%	22.1%	58.9%	17.7%	21.6%
SFWF	0.6%	11.9%	27.6%	62.9%	10.6%	35.0%
PIF	0.5%	3.3%	24.2%	64.6%	4.0%	24.2%
PGF	0.2%	3.1%	25.1%	67.2%	5.1%	24.5%
FDMF	-0.2%	1.6%	1.7%	7.0%	-9.4%	4.2%
CPMFI	-0.4%	6.5%	20.4%	59.3%	5.7%	22.9%
JSLCF	-0.4%	4.8%	16.5%	38.9%	-10.6%	21.3%
GASF	-0.5%	9.2%	22.4%	47.8%	8.2%	21.0%
JSGF	-1.3%	3.1%	20.5%	50.9%	-4.1%	22.2%
JSVFL	-2.4%	3.5%	7.3%	27.9%	-26.3%	12.7%
ATFF	-2.5%	13.6%	27.5%	55.4%	-2.0%	26.1%

Source: BMA Research

**Table 2 : Net Asset Structure Sep09 versus Jun09**

Fund Category	AUMs PKR bn		Equities Allocation		Debt Allocation		Cash Allocation	
	Sep09	Jun09	Sep 09	Jun09	Sep 09	Jun09	Sep 09	Jun09
Equity Funds	28.55	22.63	72.1%	88.5%	3.1%	1.0%	24.8%	10.4%
Balanced Funds	3.67	3.10	68.3%	66.0%	19.7%	19.3%	12.0%	14.5%
Income Fund	1.03	1.08	0.0%	0.0%	94.0%	94.1%	6.0%	5.9%
Fund of Funds	0.36	0.29	89.2%	80.0%	0.0%	0.0%	10.8%	20.0%

Source: BMA Research

**Table 3: Average Volumes and Discount for Nov09**

Ticker	Avg. Discounts	Avg. Daily Volume 000
FDMF	-78.8%	77.38
ASFL	-75.0%	1.00
SFWF	-66.1%	0.57
CPMFI	-59.9%	2.97
JSGF	-55.5%	223.17
PIF	-54.4%	128.83
GASF	-52.1%	56.43
PSAF	-50.6%	170.77
ATFF	-49.8%	4.50
PEF	-47.7%	54.10
PGF	-43.8%	177.92
PPFL	-43.2%	711.76
AMMF	-41.2%	65.87
NBF	-40.4%	66.79
JSVFL	-39.2%	86.82
MBF	-37.1%	73.22
JSLCF	-36.6%	84.39
POAF	1.6%	0.00

Source: BMA Research